

EUROPEAN NEWS

Wörner says major US pull-out from Europe unlikely

By David Goodhart in Bonn

US PRESSURE for an increase in the European contribution to Nato should be taken seriously, Mr Manfred Wörner, the Nato Secretary-General, said yesterday, but he did not expect a "substantial" withdrawal of US troops.

He was responding to a statement by Mr Frank Carlucci, the US Defence Secretary, that overseas troop cuts were probable in the event of zero-growth in the defence budget over the next five years.

Foreign policy set to loom large at Rhodes summit

By David Buchan in Brussels

THE EUROPEAN Community is gearing up to an unusually outward-looking summit discussion at Rhodes, with officials beavering away at three separate foreign policy reports to present to government heads in two days' time.

In a letter yesterday to fellow-EC leaders, Mr Andreas Papandreu of Greece, the summit host, said that discussions over dinner on Friday night and the following morning would all be devoted to the EC's economic and political relations with the rest of the world.

The Greek presidency has promised to strengthen a draft statement on the Community's role in the world, designed generally to be a further effort to dispel foreign fears that the EC is paralleling internal deregulation with external protectionism.

Other on export credit, and remember the wider EC interest by letting the Commission negotiate the opening of "European business centres" in Eastern European capitals.

Mr Papandreu also said time at Rhodes would be set aside to discuss, in the extra-EC framework of foreign policy co-operation between the Twelve, topical issues such as East-West security relations and the Middle East.

However, the prospect of lively discussion on internal EC matters at the outset of the summit is raised by the Greek Prime Minister's recommendation that the meeting should discuss "the social dimensions of the internal market".

Greek cabinet ministers sacked

By Andriana Ierodiakonou in Athens

THREE MINISTERS have left Greece's Socialist Government, against the background of a growing scandal involving Mr George Koskotas, the Greek banker and press baron.

The Government is accused by the opposition of irregular dealings with Mr Koskotas, who was charged with multi-million dollar fraud last October and is currently in detention in the US.

Mr Tzoumakas and Mr Laliotis are members of Pasok's (the ruling socialist party's) executive bureau, while Mr Kasantzias, a deputy for Salonika, is said to wield considerable party influence in northern Greece.

Glasnost fails to lift ban on Solzhenitsyn

By Quentin Peel in Moscow

A SENIOR SOVIET leader has ruled out publication in the Soviet Union of leading works by Alexander Solzhenitsyn, accusing him of having "anti-social, anti-Soviet views."

Commission to ease EC competition rules

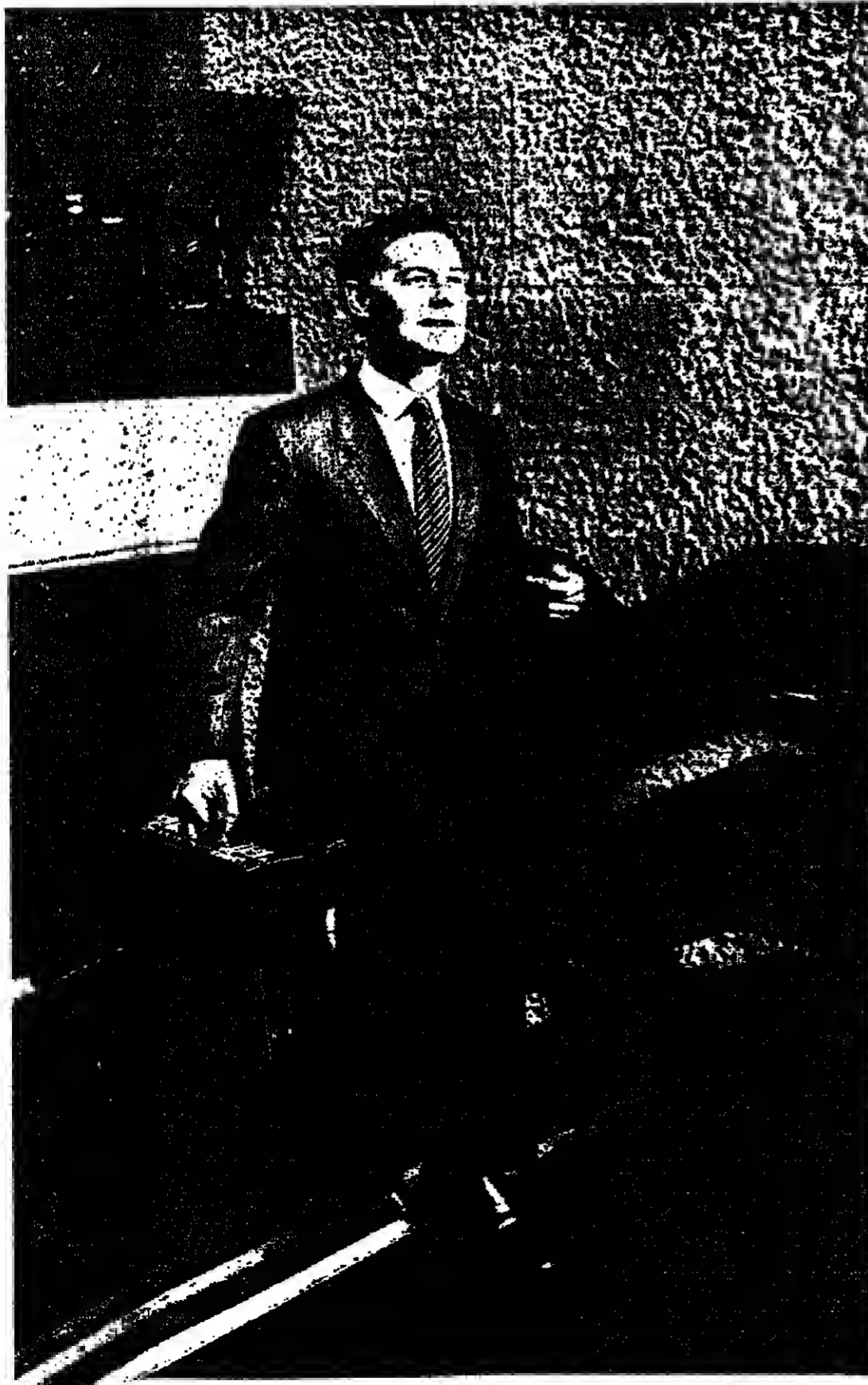
By William Dawkins in Brussels

EUROPE'S fast growing franchising and technical licensing industries will today be granted formal exemption from EC competition restrictions.

Guarantees should also be valid across franchise networks, rather than being limited to individual franchisees, a move that should please consumers.

SIEMENS

Yesterday, this man lost two stones



We're referring to the removal of kidney stones. Without surgery. Without general anaesthetic. Without a lengthy stay in hospital. In short, an alternative that reduces the strain on patients as well as hospital resources.

LITHOSTAR® from Siemens is a new generation of machines that dissolve renal and ureteric stones by the use of shockwaves - a principle known as Extracorporeal Shockwave Lithotripsy (or ESWL).

It is a safe and extremely effective method, using a sophisticated X-ray and digital image system to locate the stones, and to control and monitor the treatment.

LITHOSTAR is typical of Siemens continuing commitment that is helping change the face of medicine.

Siemens is one of the world's largest and most innovative electrical and electronics companies, with a clear commitment to providing a consistently high standard of service to our customers.

For further information on Siemens send for our new booklet 'Siemens in the UK'. Siemens Limited, Siemens House Windmill Road, Sunbury-on-Thames Middlesex TW16 7HS Telephone: 0932 785691



LITHOSTAR in action - fast elimination of kidney stones without surgery.

Innovation Technology Quality Siemens

Mr Medvedev, promoted by Mr Mikhail Gorbachev, straight into the politburo just two months ago, singled out Solzhenitsyn's huge "Gulag Archipelago" trilogy about Soviet labour camps, and "Lenin in Zurich", about Lenin's exile, for particular objection.

"In these works there is a position developed which radically contradicts our society and political system, our understanding of the world, our attitude to history, our revolution, and our attitude towards Lenin," he said.

The literary magazine Novy Mir has announced its intention to publish two of Solzhenitsyn's works - the novels "First Circle" and "Cancer Ward" - although no agreement appears to have been reached with the author, who lives in exile in the US.

Last month, the Soviet Union of Cinema Workers called for the repeal of Solzhenitsyn's deportation.

AN ARMENIAN official accused Azerbaijani authorities yesterday of openly deporting Armenians, adding to the thousands from each republic who had already fled, Reuters reports from Moscow.

The literary magazine Novy Mir has announced its intention to publish two of Solzhenitsyn's works - the novels "First Circle" and "Cancer Ward" - although no agreement appears to have been reached with the author, who lives in exile in the US.

Trentin picked to head Italy's biggest union

By John Wyles in Rome

MR Bruno Trentin was unanimously chosen yesterday as the new secretary general of Italy's largest trade union confederation, the Cgil, in succession to Mr Antonio Pizzino who resigned a fortnight ago.

The Cgil has never changed leaders mid-term before and the yesterday the precedent was widened by a decision that Mr Pizzino should join the union's administration as a confederal secretary.

Mr Pizzino chose to step down after it became clear that he had lost the confidence of a broad section of the union from the communists left to the socialist right.

Mr Trentin, aged 62, has recognisably stronger leadership qualities, a very broad international experience - he speaks French and English fluently - and close ties with the Communist Party left. His first task will be to supervise the Cgil's approach to forthcoming national pay talks covering public employees and to develop a common position with the other two smaller confederations the Cisl and the Uil, on proposals for reforming collective bargaining which are being developed by Confindustria, the employers' organisation.

Published by the Financial Times (Europe) Ltd, Frankfurt Branch, represented by E.H. Sage, Frankfurt/Main, and a member of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Dacre, M.C. Gorman, D.E.P. Palmer, London. Printed by the Societats-Druckers-GmbH, Frankfurt/Main. Responsible editor: G.D. Owen, Financial Times, Bank House, Cannon Street, London EC4P 4BY. © The Financial Times Ltd, 1988.

FINANCIAL TIMES, USPS No 100660, published daily except Sundays and holidays. US subscription rates \$210 per annum. Second-class postage paid at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Financial Times (Scandinavia) Ltd, Ostergade 44, Copenhagen, DENMARK

Warsaw plans to legalise currency black market

By Christopher Bobinski in Warsaw

THE POLISH Government's top economic committee (Kerm) is planning to legalise the country's flourishing hard currency black market, an official communiqué has said.

Kerm has also announced that from now on Poles are to be permitted to take up to \$500 with them when they travel abroad without any additional formalities and said that draft changes in the foreign currency law would allow "hard currency transactions between private citizens."

The expected easing of additional restrictions on travel abroad means that the black market rate of the dollar is now moving up much faster than is usual in the pre-Christmas period. In a matter of days

the price of the dollar has risen from 2,700 zlotys to 3,200 zlotys while the official rate is fairly stable at 483 zlotys.

The rising demand for the dollar reflects apprehension about continuing high inflation at home next year as well as hopes held by private citizens that tax and restrictions on foreign trade will be liberalised making possible the use of hard currency on a wider scale than now.

At the moment Poles have savings worth some \$3bn in official bank deposits while purchases in state owned hard currency stores last year reached a level of \$596m. Remittances from abroad each year are estimated to be running at \$700m a year.

Denmark 'faces third year of stagnation'

By Hilary Barnes in Copenhagen

DENMARK faces a third year of economic stagnation in 1989, when the gross domestic product is expected to decline in real terms by about 0.4 per cent, according to a forecast by the triple chairman ("the three wise men") of the semi-official Economic Advisory Council.

The GDP declined by about 1 per cent in 1987 and will show an increase of about 0.3 per cent in 1988. An autumn forecast by the Government was rather more optimistic, predicting a GDP increase in 1988 of 0.7 per cent. Unemployment will rise over the next two years from around 245,000 this year to 300,000 by 1990, say the chairman, or from just under 9

per cent to almost 11 per cent. But the chairman warns against government measures to stimulate domestic demand, on the grounds that this will lead to a new deterioration in the current balance of payments deficit. They call on the labour market to stop unemployment from rising by ensuring that there are virtually no new wage increases next year, or even a wage reduction. The current external account is expected to fall from about DKr18bn (\$2.7bn) this year to DKr16bn in 1989 and DKr12-13bn in 1990, with rising interest on the foreign debt cutting into a surplus on the trade account.

MONTGOMERY TRANSPORT LIMITED. We operate direct unit load transport services between GREAT BRITAIN, IRELAND and most EUROPEAN countries. Our depot network has now been complemented by our first European depot, recently opened at COLOGNE, in West Germany. We have a modern fleet of 200 tractor units and a trailer fleet of 600 flats, vans, curtainiders, tilts, reefers, tankers and car transporters. Please contact us at: Head Office, Glengormley Telephone: 02313 49321 or Fax: 02313 2746 or Telex (N. Ireland) 747024. Our depot network also includes Stranraer, Glasgow, Preston, Toddington and Dublin.

EUROPEAN NEWS

France opens integrated telecoms network

By Paul Betts in Paris
FRANCE yesterday began commercial operation of its new generation telecommunications system, blending the country's digitalised public switching network with the telex, public data and other existing networks into a single high performance system.
Mr Paul Quilès, the telecommunications Minister, claimed yesterday that France was the first to introduce an integrated services digital network (ISDN) commercially. The network is expected to lay the basis of a new era in telecommunications and telephone services.
France had been able to take a lead in this field, he said, because it had developed the world's most extensive digital telephone switching network, with 65 per cent of the national network already digitalised. This had enabled France to integrate the existing network with the new ISDN technology instead of having to invest in a separate system, as were West Germany and Britain.
The ISDN services are now available to business and individual telephone subscribers in the Paris and Brittany regions. By 1990, it is expected to be available to the entire country and will be connected to other international networks.
France Telecom, the state telecommunications authority, expects the number of subscribers to the enhanced network to total about 600 by the end of this year, rising to 150,000 by 1992 and 500,000 by 1995.
It will charge them a basic monthly fee of FF700 (€28) to be linked to the new network which will be known as Numeris. The new network will make telephone sets more "intelligent" by enabling them to store messages, offer paging services and communicate with computer and videotex terminals. France Telecom has already formed about 20 partnerships with professional users and telecommunications equipment suppliers to develop specific applications and services.
Mr Quilès also announced yesterday a series of co-operation agreements between France Telecom and large computer groups like the French state-owned Bull group, Digital Equipment and Electronic Data Systems (EDS), to develop hardware and software applications for the new system.

OECD urges tighter curbs on Iceland

By Robert Taylor in Stockholm
ICELAND HAS missed several favourable opportunities in recent years to make its economy more stable and less prone to inflation, according to the latest report on the country by the Organisation for Economic Co-operation and Development.
Stricter monetary and fiscal policies are essential if Iceland hopes "to contain inflation and safeguard macro-economic stability over the longer term," it says.
However, it also warns that the country has "entered a stage where external economic conditions are likely to be less favourable and where the room for fiscal and monetary manoeuvre is restricted by past actions."
It urges "greater demand restraint" to prevent the "re-emergence of a price-wage spiral, to restore external balance and to check the rise in foreign indebtedness." But OECD officials doubt the Government has the political will to stick firmly by its present strategy of relative austerity.
The present wage and price restraint is due to end in March, and the OECD fears that this could lead to a surge in wage increases next spring, which would provoke a further depreciation of the Icelandic krona and an upward twist in the country's familiar inflation cycle.
The OECD report is particularly critical of what it regards as a rather loose fiscal and monetary policy in Iceland over recent years, and calls for a curbing of "the excessive rate of domestic credit expansion".

More foreigners in W Germany

THE NUMBER of foreigners in West Germany soared by 70 per cent between 1970 and 1987, while the native population declined, the Government said yesterday. Reuter reports from Bonn.
Mr Friedrich Zimmermann, the Interior Minister, said the census conducted in May 1987 registered 61,082,800 people in West Germany, 432,000 more than the last count in 1970. The increase was accounted for by the surge in foreigners from 2.4m to 4.1m. Turks comprise the largest foreign minority.
The number of native West Germans fell from 58.2m to 56.9m, 1m more than anticipated.

Franco-Soviet 'relaunch' fails to ignite media

Ian Davidson reports on an uncomfortable close encounter of the Soviet kind

DESPITE THE success of the Soviet space launch with a French astronaut aboard, and an assertion by the presidential spokesman that President François Mitterrand's two-day visit to the Soviet Union marked a "relaunching" of relations, the trip has been widely dismissed in the French media as rather a let-down. So much so, that the Elysée Palace has made significant efforts to counter the disenchantment.
While downbeat comments were perhaps to be expected from the conservative press (the Quotidien de Paris spoke of a "sadder balance-sheet", there was a similar tone in left-wing newspapers normally favourable to the President, such as Libération.
While noting that Mr Mitterrand and Mr Mikhail Gorbachev had agreed to hold yearly summits, it asked: "Will that be enough to restore a special relationship between Moscow and Paris?"
In fact, Mr Mitterrand's trip chalked up a number of procedural or formal agreements which, if workaday, are all on the positive side.
A scientific, cultural and technical agreement is in preparation which will pave the way eventually for a French cultural centre in Moscow.
Agreements are in preparation on youth exchanges, on the protection of investments, and on the avoidance of accidents at sea. A "grand commission" for bilateral economic questions will meet in February, and Mr Gorbachev will pay a return visit to France in the first half of next year.
In comparison with what is at stake in the foreign and domestic policy revolution which is under way in the Soviet

Union, these agreements may seem modest, but they are not so modest as to justify the disappointment of the French press.
The explanation must therefore lie elsewhere; first, in the extraordinary treatment meted out by the Soviet authorities to the visiting French journalists; second, in long-standing French yearnings for a role of global glory which does not seem to be within France's reach.
On professional grounds, it is seldom good practice for journalists to complain about difficulties put in their way. When a journalist is taken hostage by terrorists, he becomes part of the news and an object of interest; when he has difficulty extracting information from mendacious officials, readers simply do not want to hear.
In this case, however, the events have a certain political interest which makes them worth telling. Not merely did Soviet officials obstruct the 100-odd French journalists who accompanied the French President on his visit, but they did so in terms which broke explicit understandings with the Elysée Palace.
The agreed programme was simple. The journalists were to land at Leningrad at 15.30, and be taken by bus to Baikounur, arriving at 16.30, in good time to observe Mr Mitterrand's arrival.
After a visit to the space centre and a press conference by the French President, the journalists would be taken to an observation post next to that reserved for the presidential delegation.
After the launch of the spacecraft, the journalists would be taken at 21.30 to a press centre at Baikounur, to transmit their dispatches or television footage.

Events turned out very differently. Local officials diverted the buses into the countryside at Leningrad for two hours, with the result that the journalists arrived after dark (and could therefore see nothing), and after President Mitterrand.
The public address system for the news conference was so poor, that it was virtually impossible to make out what the President was saying. For the launch, the journalists were parked in an open field a kilometre or two from the launch site; by good fortune, there was no snow, and the temperature was slightly above zero.
And after the launch, the Soviet officials refused to take the journalists back to the press centre (if it ever existed), but escorted the buses willfully straight to the aerodrome at Leningrad, thus making it impossible for any of them to transmit their reports.
No explanation was given for any of these departures from the plan.
Had the Elysée failed to secure hard and fast promises? Were the local military security men at Baikounur simply ignoring agreements negotiated in Moscow, and acting as all security men prefer to act towards the press? Did the French reporters make matters worse by their loud and protracted cries of protest?
The questions went unanswered, amid the angry din of a clash of two cultures.
By appropriate coincidence, the buses carried a large sign in Russian next to

the drivers, which read: "Do not smoke; do not argue."
Apart from their professional frustration and shock at the harsh contrast with the rhetoric of glasnost, several journalists said afterwards that it felt as though the Russians had deliberately inflicted a political humiliation on France and its President.
This, they speculated, was the consequence of conducting a policy towards the Soviet Union which appeared vague, soft and verbose, and which compared unfavourably in effectiveness with the direct crispness of Mrs Margaret Thatcher.
President Mitterrand had adopted a compliant attitude to Moscow's desire to host a human rights conference, and had even started to sound complaisant on Mr Gorbachev's favourite theme of "Our Common European Home". But where has it got us, they asked?
Back in Paris, the Elysée earnestly pushed its own up-beat interpretation of the visit: France was pursuing a consistent long-term policy of co-operation-plus-vigilance; it was absurd to think in terms of a competition with Chancellor Helmut Kohl or Mrs Thatcher, when in fact the differences between the European governments were only a matter of small nuances.
The corollary of such an apology may be that, in dealing with Mr Gorbachev's Soviet Union, no individual European leader can hope to bring off any great triumph, and may not even be able to afford to pursue an individual policy.
This is not, however, an idea which appears yet to commend itself to the French.

French trade back in the red in October

By George Graham in Paris

FRANCE'S foreign trade account plunged into deficit again last month, prompting renewed concern about industry's export competitiveness. The deficit sank to FF4bn (€70m) after a small surplus in September, bringing the total deficit this year to FF27.3bn. Imports fell by 2.4 per cent to FF83.3bn, but exports shrank by 7.6 per cent to FF76.2bn.
Mr Michel Rocard, the Prime Minister, described the figures as "preoccupying, without being dramatic." He said the trade deficit for the full year would probably reach FF30bn, close to 1987's FF31.4bn.
While recent French trade figures have been highly volatile, fluctuating between a deficit of FF9bn in August and a surplus of FF600m in September, the trend over recent months appears to have worsened sharply. The deficit has averaged nearly FF4.5bn a month over the past three months, compared with an average of less than FF1.5bn in the first half.
With interest rates pressing upwards in the US and the UK, and with French money market rates already above the

Bank of France's intervention range of 7.25-7.75 per cent, the poor trade figures increased the pressure on French monetary policy, which has already suffered from the recent decline of the dollar and the resulting fall of the French franc against the D-Mark.
Yesterday's figures confirm the divergence in the performance of different sectors. Another strong surplus of FF1.9bn in food and agricultural products and a relatively low deficit of FF600m in energy contrasted with a FF1.7bn deficit in manufactured goods.
More detailed statistics for the first nine months show that while trade performance improved by around FF200m in food, agricultural and energy products, it deteriorated by FF300m in manufactured products.
The surge in corporate investment in the early part of this year was the most significant factor for within the manufacturing sector. Capital equipment accounted for FF1.7bn of the deterioration, and consumer goods for only FF300m. This trend may shift in the last months of the year, however.



...you need Pitney Bowes fax.

And a bright new feather in your business cap with a Pitney Bowes facsimile machine. It's the only way to avoid communication errors and increase your business' competitive edge.
Our fax sends, or receives, anything on paper...from anywhere...to anywhere...over ordinary telephone lines. Exchange of information is fast, accurate, dependable, and affordable.
In seconds you see the documents, graphics, handwritten notes, blueprints or typewritten pages necessary to make the decisions that are right for your business. And you'll never get caught with egg on your face!
We're first in fax—here's why:
— Superior products mean clear, clean reproductions, sent and received in seconds.
— Innovative financial alternatives, including rental and leasing.
— A direct sales force trained to analyse needs and recommend solutions.
— Over 50% of all calls to our National Diagnostic Centre are resolved over the telephone.
— Nationwide service from trained engineers in 11 locations.



For more information, call or write to: Rita Burroughs, Pitney Bowes Facsimile, Elizabeth Way, The Pinnacles, Harlow, Essex CM19 5YF. Tel: 0279 26731.

Pitney Bowes
THINK OF US FIRST IN FAX

COACH
The Coach for Business.

Nº 5240 Wall Street Briefcase £285
Our largest and most substantial briefcase is a handsome choice for any executive. In four classic colours of glove-tanned cowhide. Phone orders welcomed. Call for a free catalogue.

The Coach Shop
Makers of fine leathers goods for men and women.
Exclusive at Harrods
Leather Room, Ground Floor
01-730-1234 ext. 3673
London • Tokyo • New York • San Francisco • Los Angeles

OVERSEAS NEWS

Australia worries over inflation and payments trends

By Chris Sherwell in Sydney THE GROWTH in Australia's economy shows signs of slowing, according to statistics released yesterday...

Pretoria scraps ban on civil rights funding

By Anthony Robinson in Johannesburg PRETORIA has quietly bowed to widespread protests from foreign governments and aid agencies and scrapped proposed legislation...

Sri Lankan violence claims 14 lives

AT LEAST 14 people were killed across Sri Lanka in violence blamed on Sinhalese radicals, and in police actions, military and police sources said yesterday...

S Africa mends fences with Mozambique

Military supplies reflect a diplomatic initiative, Anthony Robinson reports SOUTH AFRICA'S new diplomatic offensive to two neighbouring states took a symbolic step forward on Monday...



Mozambique's original hopes of improved security and better relations with South Africa were frustrated when Renamo stepped up attacks throughout the country...

determined effort to restore power supplies from the Portuguese-financed project. That meeting, followed by this week's delivery of military supplies...

Afghan rebel leaders to meet Soviet officials

By Christina Lamb in Islamabad AFGHAN resistance leaders have announced that they will be holding peace talks with high-ranking Soviet officials...

Labour and Likud likely to join in coalition

By Andrew Whitley in Jerusalem ISRAELI'S new coalition government is likely to be almost identical to its unhappy predecessor of the past four years...

US and Japan agree fighter deal

The two sides reportedly agreed yesterday to allocate between 35 per cent and 45 per cent of the development to US companies, but Mr Kichiro Tazawa, the chief of the Defence Agency...

Intelligence groups curbed in South Korea

By Maggie Ford in Seoul THE South Korean Government yesterday moved to limit the powers of the country's intelligence agencies...

I.G INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD Tel: 01-222 7233/5699 Reuters Code: IGIN, IGI0

South Koreans overhaul Swiss in trade

SOUTH KOREA'S foreign trade is expected to top \$110bn (£58.5bn) in 1988, according to a report by the Ministry of Commerce...

Algerian reforms throw up key questions

Francis Ghiles reports on a brave attempt to change the way the country is governed Elections will now decide who occupies any post of responsibility...

Birminghams sees Soviet envoy

Miss Benazir Bhutto, who appears likely to become Pakistan's next Prime Minister, had lunch with Mr Victor Yakulin...

Burmese train hit

Guerrillas attacked a Burmese train south-east of Rangoon yesterday, killing 28 people and injuring 20...

Winter Celebration FREE WEEKEND BREAKS BOTTLES OF SPIRITS THISTLE VOUCHERS For three months only Thistle Hotels throughout Britain turn business into leisure...

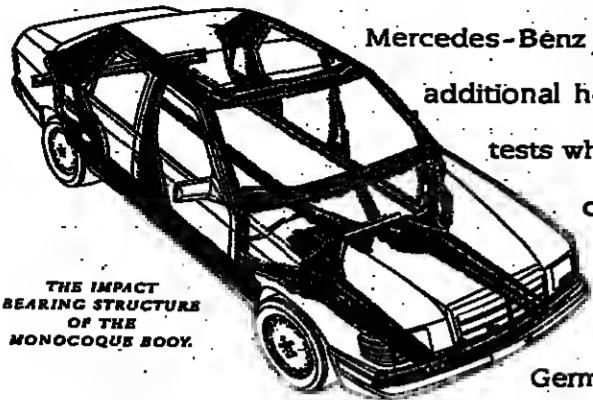
BY RENEWING the policy guidelines drawn up in 1984, following that summer's inconclusive general elections, Labour and Likud have essentially agreed to bury their political differences...

Elections will now decide who occupies any post of responsibility. Such people will no longer be appointed from the top. Three other questions, however, will have to be answered...

There is also a question relating to the private sector. By one of those paradoxes Algeria abounds in, private entrepreneurs had a much easier time of things under the former President Boumedienne's hard-line socialism...

Handwritten signature or mark at the top center of the page.

Although government legislation requires all car manufacturers to test for 100% head-on collision,



THE IMPACT BEARING STRUCTURE OF THE MONOCOQUE BODY.

Mercedes-Benz also carry out additional head-on collision tests when the impact is concentrated on 40% of the car's frontal area. In

Germany for example,

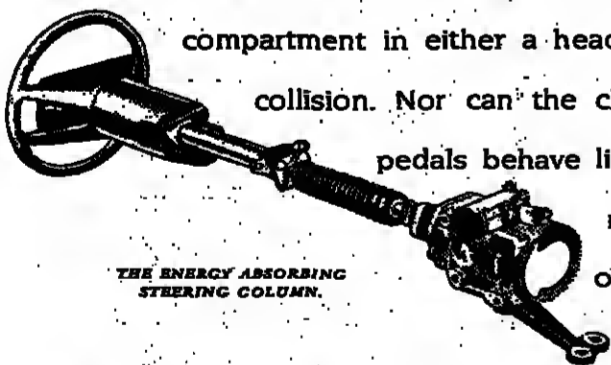
research has shown this accident happens three times more frequently than 100% head-on collisions. As a result, all Mercedes-Benz safety cells and crumple zones are now engineered to disperse the unique stresses of both types of collision. Which means impact energy is absorbed progressively and displaced into forked longitudinal members mounted onto extremely rigid sidewall, floor pan and transmission tunnel structures. The energy is therefore dissipated by being transmitted and absorbed in three different directions.

This is a fine example of Mercedes-Benz research and engineering taking the lead in safety development.

A CRASH TEST EVERY THREE DAYS

Mercedes-Benz conduct a crash test every three days, on average. Because safety research is an integral part of the Mercedes-Benz design process, many tests are conducted on components and prototypes prior to full scale production of a new model. Consequently, the safety development team are well placed to impose their priorities on the fundamental design of a car. Today's Mercedes-Benz models are the most thoroughly tested and safest the company have ever built.

The Mercedes-Benz safety steering system, as an example, is fitted with a distorting cup within the steering wheel, and a collapsible, corrugated column that will not intrude into the passenger compartment in either a head-on or off-set collision. Nor can the clutch or brake pedals behave like blunt instruments. Because of the likelihood of severe accident injuries to the feet, the pedals are designed to swing away from the driver on impact.



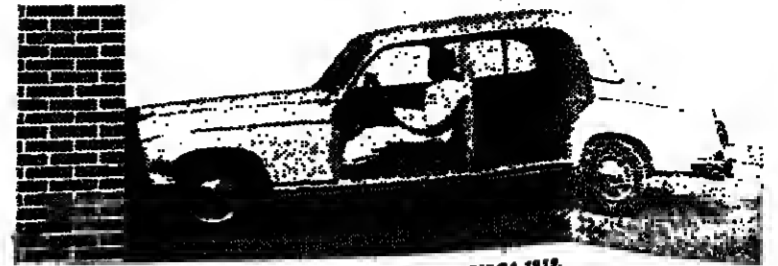
THE ENERGY ABSORBING STEERING COLUMN.

THE FATHERS OF AUTOMOTIVE SAFETY

The history of Mercedes-Benz safety consciousness dates from 1931 when they developed independent front suspension to ensure safer roadholding. And as long as thirty-seven years ago, long before 'crumple zone' and 'safety cell' became part of car industry jargon, Mercedes-Benz patented the first impact-absorbing body shell. But rather than protect the patent in their own

interests, Mercedes-Benz allowed it to be infringed in everybody's interests, so other car makers could incorporate the idea into their own body designs. A gesture that speaks for itself.

In 1959, Mercedes-Benz became the first manufacturer to systematically crash test and roll-over test their cars. In that year, 80 were destroyed in



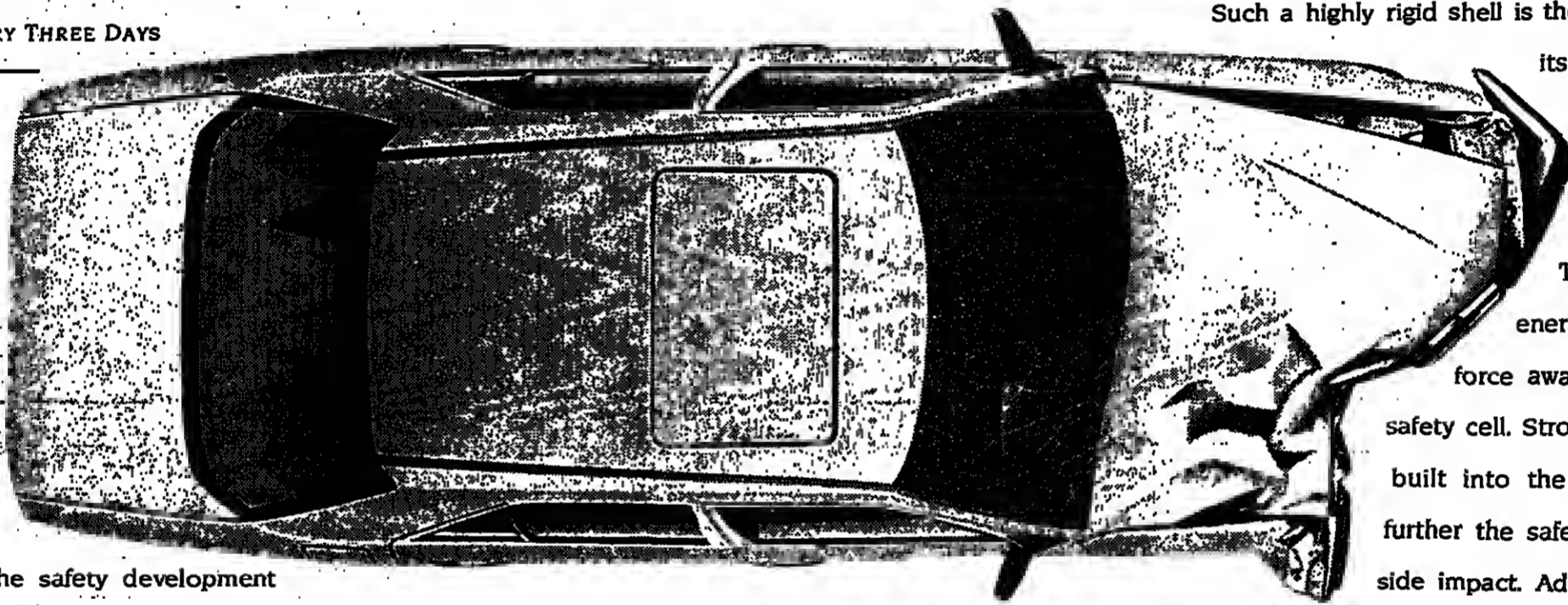
SCIENTIFIC CRASH TESTING: CIRCA 1959.

the search for greater passenger security. Since then, no car maker has placed greater emphasis on crash testing, and many others reap the benefits simply by adopting the results of Mercedes-Benz pioneering research.

Mercedes-Benz design their cars for the accident that happens most

STATE OF THE ART SAFETY CELL

Computer-aided engineering, combined with extensive use of high strength, low-alloy steel, ensures that Mercedes-Benz monocoque body shells are not only light, but are also outstandingly strong. Such a highly rigid shell is the basic safety element,



its front and rear sections designed to yield progressively in major accidents.

They absorb kinetic energy and divert the full force away from the passenger safety cell. Strong crossmembers are built into the floor pan to stiffen further the safety cell's resistance to side impact. Additional single section roof frame cross-members enhance the total load bearing capacity of the roof in front, side and roll-over impacts.

HOW THE USE OF AIR CAN REDUCE INJURY RISK

All inertia-reel safety belts fitted to the front seats of Mercedes-Benz cars, have electronic belt tensioners as standard. Above a predetermined level of impact, the tensioner is activated and pulls the belt taut around the body in milliseconds, reducing forward movement of driver and front seat passenger. Above certain speeds, however, impact injuries can still occur no matter how sophisticated the seat belts are.



FROM IMPACT SIGNAL TO INFLATION IN 3 MILLISECONDS

Therefore, Mercedes-Benz also offer an electronically controlled airbag that is neatly stowed in the steering wheel hub. This innovative safety feature has been available since 1981 and is already fitted to 400,000 Mercedes-Benz cars. A normally invisible guardian, it inflates in milliseconds, under impact, to cushion the driver's head and greatly reduce the risk of chest injuries. Further proof that the Mercedes-Benz commitment to safety is uncompromising, and continues unabated.



ENGINEERED LIKE NO OTHER CAR IN THE WORLD.

AMERICAN NEWS

Senate Democrats elect Mitchell as leader

By Stewart Fleming, US Editor, in Washington

SENATOR George Mitchell, the 55-year-old Democrat from Maine whose leadership of the Democratic Senatorial Campaign Committee helped his party retain control of the US Senate in 1986, was yesterday elected Senate majority leader.

parliamentary procedures to his party's advantage. But increasingly the Democrats have recognised that their long years out of the White House have made it even more important for their leaders on Capitol Hill to be persuasive public speakers, especially on television, on which Senator Byrd never seemed comfortable.

he came across as a man of integrity and a voice of common sense. It is unwise to read too much into the selection of a majority leader so far as party policy is concerned because in an intimate collegial body such as the Senate, personal relationships, as well as broader policy considerations, will have influenced how senators voted.

other two candidates, Senator Daniel Inouye of Hawaii and the conservative southerner, Senator Bennett Johnston of Louisiana. He may have been helped by the emergence during the presidential campaign of Senator Lloyd Bentsen of Texas as a party leader with national stature. Some Senate Democrats may have felt that, with Mr Bentsen as a voice for the more conservative southern wing of the party, Mr Mitchell would carry the regional and political balance.

US growth rate revised upward

By Anthony Harris in Washington

MARKET expectations of tighter US monetary policy rose yesterday after news of an upward revision in the official third-quarter estimate for real growth, and a call for continued monetary discipline, from Mr Wayne Angell, Federal Reserve governor.

IBM settlement stresses key role of software

OPERATING software, the complex and sophisticated computer programs which manage the inner workings of a computer system, once came for its manufacturers bunched the cost of the operating software in with the price of the computer hardware it controlled.

Alan Cane on the background to the dispute with Fujitsu. would claim, gives better performance than IBM's own hardware. A royalty has to be paid on each copy of the operating software used, of course, and the performance of the operating system - over which IBM has total control - limits the overall performance of the system.

Populist Perez draws Venezuela's voters

Polls put the former President ahead before Sunday's election, writes Robert Graham

Tipping the winner in advance of a Venezuelan presidential election has always been a hazardous exercise. But the pollsters and pundits have thrown caution to the winds by predicting universally that Mr Carlos Andres Perez, the 66-year-old Acción Democrática (AD) candidate, will win Sunday's poll and become the first person in Venezuelan history to be twice elected to the presidency.



Perez: last-minute efforts

which are also on Sunday. The matter has been aggravated by the continuing reverberations of an incident along the Colombian frontier on October 29 when Venezuelan soldiers killed 14 persons alleged to be guerrillas. Two survivors of the shooting, now seeking political asylum in the Mexican embassy in Caracas, said they were unarmed fishermen. The bodies were exhumed over the weekend after a public outcry and preliminary evidence suggests they had been shot in cold blood.

debt conversion deals and \$400m has been already been approved under the scheme. Negotiations are under way for fresh funding from the banks to the tune of \$1bn by discounting oil receivables. In addition, a large loan is being explored which would be pledged against the sale of future gold production.

Reliable opinion polls give him a 15 point lead over his rival, Mr Eduardo Fernandez, the Copel party candidate. Mr Perez is himself more cautious and has been frenetically criss-crossing this vast country to ensure last-minute support. If he wins, "CAP" as he is universally known, promises a populist style of leadership with a home-grown socialist philosophy. Colleagues say he will temper populism with pragmatism, acting as a Latin American version of Mr Felipe Gonzalez, the Spanish Premier.

would best defend the national interest in Venezuela's vexed frontier dispute with Colombia. The dispute over territory at the entrance to Lake Maracaibo (through which the bulk of Venezuela's oil exports pass) brought the two countries close to conflict in August 1987.

In a country long unused to such violence, the AD government of President Jaime Lusinchi has been profoundly embarrassed by the incident, while the military are under attack for an attempted cover-up.

President Lusinchi achieved such a pact during his first two years, relying on AD's support in the labour movement to impose austerity. This dose of austerity pruned some of the fat from the system, encouraged import substitution in agriculture and attracted fresh foreign investment, particularly into the expanding aluminium industry. However, during the past year much ground has been lost.

He is openly ambitious for Venezuela to adopt a higher international profile both on oil matters within OPEC and on foreign debt. It was he who pushed through nationalisation in 1976 of the oil industry. Mr Perez would like to see greater Latin American co-ordination on debt and would seek better terms for the restructuring of Venezuela's own \$25bn public sector for-

Mr Fernandez, a pugacious lawyer dubbed "El Tigre", has had an uphill struggle to find the right kind of image. He started out promising a generational change and fresh ideas that challenged the state's traditional paternalistic role and the nation's reliance on oil. But his initial impact has largely evaporated. He has also failed to capitalise on Mr Perez's vulnerability to complaints of corruption under his administration.

The Lusinchi government's economic policy has been in a state of drift for over 18 months. Borrowing have fallen below \$8m - high by Latin American standards but low for Venezuela. Relatedly the mechanisms have been introduced to permit

Whoever inherits the presidency for the next four years faces some uncomfortable economic decisions. "CAP" undoubtedly has more stature than Mr Fernandez to carry these decisions through but this is not the basis on which he has gone for the vote.

Then International Business Machines, understanding the growing contribution to its revenue that software would represent in the late 1980s began charging separately for hardware and software.

In doing so, it gave birth to the independent software industry and sowed the seeds for its long-running legal row more than a decade later with Fujitsu, Japan's leading mainframe computer manufacturer.

The announcement yesterday of a settlement through which the Japanese company will pay IBM a lump sum of \$395m (\$215m) for copying important elements of IBM's mainframe operating software, in addition to more than \$400m already paid in licence fees, underlines the growing realisation that software, not hardware, is now the key to computing systems development.

Peru strike call

PERU'S largest union association, the General Confederation of Peruvian Workers, has called for a general strike tomorrow to protest at the Government's economic policy, writes Veronica Baruffi in Lima.

Fujitsu is a plug compatible manufacturer. It makes computers which are functionally identical to IBM's in that they can run IBM's own, legally purchased, operating software although they are of different technological design. Clone manufacturers - chiefly in the personal computer area - make computers which are technologically identical to IBM's. IBM has often taken legal action against these.

On the other hand, IBM has managed to prevent the Japanese company having anything like full access to its software secrets, its fundamental and extraordinary software advances as the company put it yesterday. The comparatively moderate settlement should smooth the feathers of many in the US software industry who were agitated that a Japanese computer company would be able to have access to IBM software secrets that they were denied.

Walk-out threatens Salinas ceremony

TOMORROW'S inauguration of Mr Carlos Salinas de Gortari as President of Mexico is threatened by an opposition walk-out, writes Richard Johns in Mexico City.

left National Democratic Front (FDN) would be even more embarrassing given the presence of several Latin American heads of state and foreign ministers including Mr George Shultz, US Secretary of State. The FDN says that the 144 deputies of its constituent parties will leave the joint session of Congress, unless the ruling

Institutional Revolutionary Party agrees to an address by Mr Cuauhtémoc Cárdenas, the FDN leader. Mr Cárdenas would focus on the opposition's refusal to recognise the validity of Mr Salinas's election. The PRI says that the declaration should be made before the Chamber of Deputies prior to the joint session.

WORLD TRADE NEWS

Fokker may assemble aircraft in US

By Michael Dunne, Aerospace Correspondent

FOKKER, the Dutch aircraft manufacturer, is discussing with Lockheed the possibility of the US aircraft group undertaking final assembly of the Fokker 100 twin-engine jet airliner in the United States.

Malaysian warning to US and EC on protectionism

By Robin Pauley, Asia Editor, in Kuala Lumpur

SOUTHEAST Asian countries will be forced to form their own trading bloc linked with Japan, if the US and the EC persist with protectionist policies, Dr Lim Kheng Yaik, Malaysia's Minister of Primary Industries, warned yesterday.

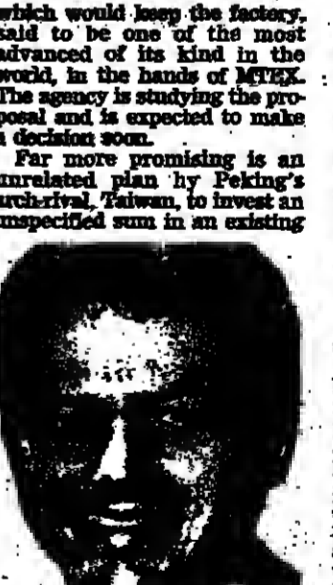
US rejects import curb on ball bearings

THE US Commerce Department has rejected calls to limit imports of ball bearings, saying domestic producers are operating at or near 100 per cent capacity, AP reports from Washington.

Unhappy yarn of a sweater factory without thread

Larry Luxner examines Puerto Rico's problems in attracting investment from Asia

WHAT could have been the most successful example of Far East investment in Puerto Rico has turned out to be an embarrassing fiasco for Governor Rafael Hernandez Colon, for the island's Economic Development Administration (Fomento), and Mr Richard Millman, the investor who first developed the idea.



Rafael Hernandez Colon: embarrassing fiasco

call for as many as 1,000 workers within five years and the production of 600 aircraft over 15 years. While declining to give any dollar figures, Mr James Brown, Bronson's president, pointed out that Bronson had been negotiating with the Fokker group to invest in the Pacific Rim and that he has had a "dialogue" with the Taiwanese government for more than three years.

Brazil plans reforms in bid to end unofficial exchange rate

By Ivo Dawson in Rio de Janeiro

THE Brazilian government is considering creating a new Cruzado exchange rate aimed at capturing millions of tourist dollars that escape the formal economy and boost the black market.

US rejects import curb on ball bearings

THE US Commerce Department has rejected calls to limit imports of ball bearings, saying domestic producers are operating at or near 100 per cent capacity, AP reports from Washington.

Brazil plans reforms in bid to end unofficial exchange rate

By Ivo Dawson in Rio de Janeiro

ing tourists never enter a bank, but change their dollars through the parallel network. This multi-million dollar business has been inflated substantially in recent months by the so-called informal debt conversion system. Such conversions have allowed foreigners holding credits at the Central Bank to accept payment in Cruzados, then re-export them by buying dollars in the black market.

US rejects import curb on ball bearings

THE US Commerce Department has rejected calls to limit imports of ball bearings, saying domestic producers are operating at or near 100 per cent capacity, AP reports from Washington.

US rejects import curb on ball bearings

THE US Commerce Department has rejected calls to limit imports of ball bearings, saying domestic producers are operating at or near 100 per cent capacity, AP reports from Washington.

ALLIED-LYONS

NOVEMBER 29 1966

ment
role

Came on the feet
of the

... of the
... of the
... of the

... of the
... of the
... of the

... of the
... of the
... of the

... of the
... of the
... of the

... of the
... of the
... of the

... of the
... of the
... of the

weather

d

problems

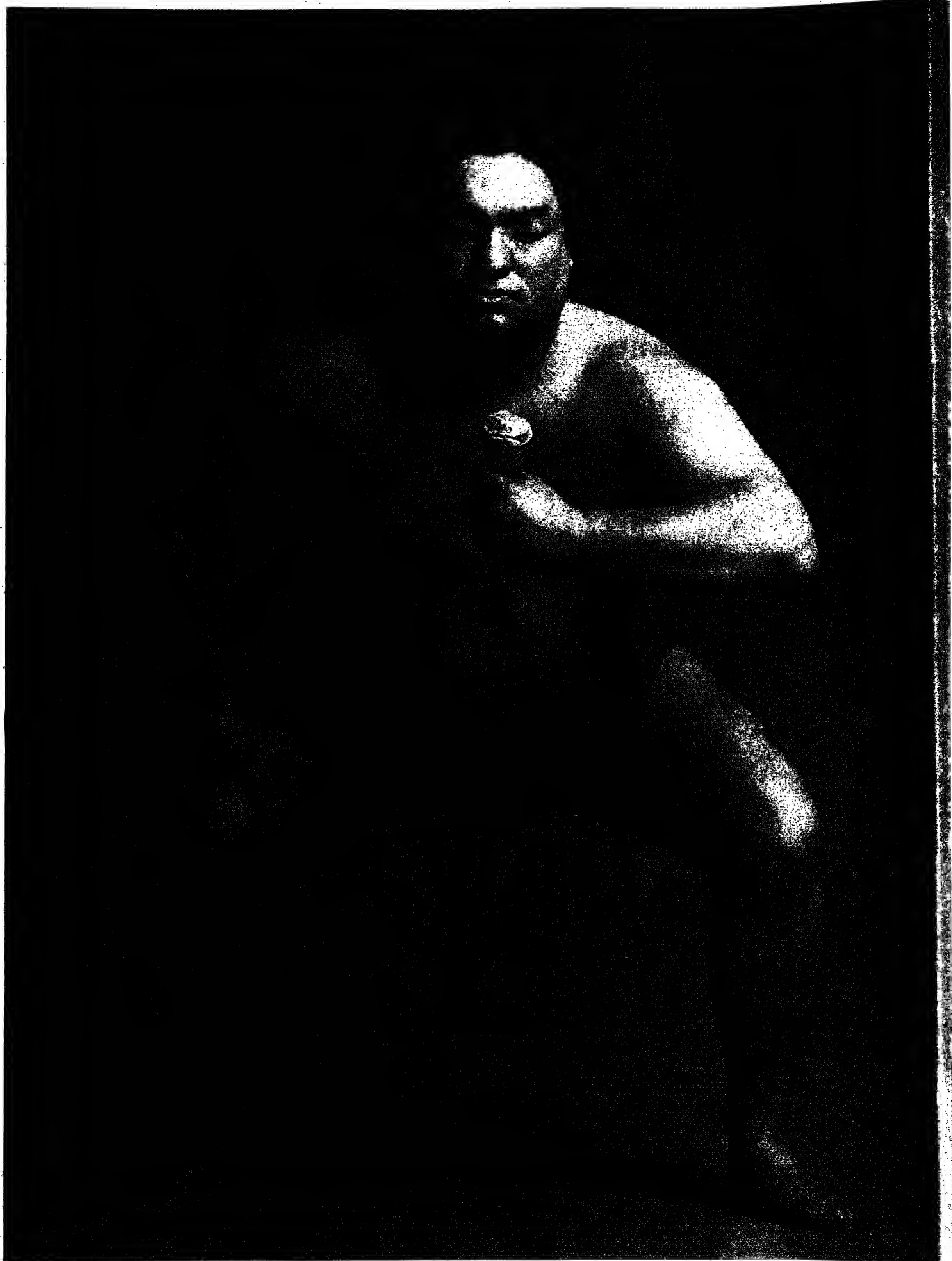
... of the
... of the
... of the

... of the
... of the
... of the

... of the
... of the
... of the

... of the
... of the
... of the

... of the
... of the
... of the



Only Allied-Lyons could have discovered such an enormous market for green-tea ice cream.

In Japan we've developed green-tea ice cream to cater for local tastes.

In Australia, we've discovered mango is a hot favourite. Whereas in Taiwan, they prefer

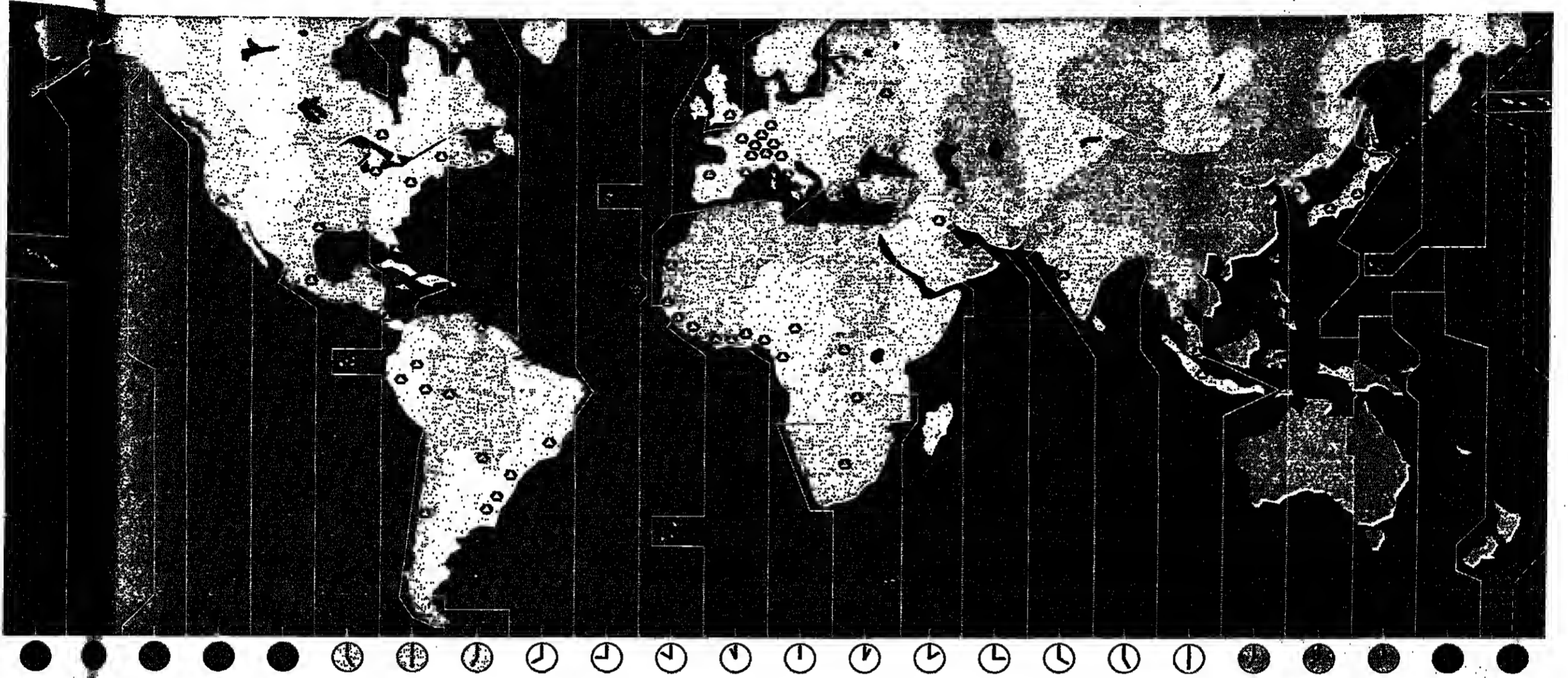
red-bean ice cream. It's local knowledge like this that helps sell ice cream through

3000 Baskin-Robbins outlets to more than 500 million customers across 37 countries.

Allied-Lyons. Food and Drink to 150 countries around the world.

ALLIED-LYONS

We have got all the time in the world for you.



Around the world, wherever the sun rises on a new business day, there's a Dresden Bank office ready to serve you - in the Near, Middle, or Far East; in Europe, Africa, or the Americas. That's because Dresden Bank is at home in over 50 countries, including all the world's major financial centers. You'll find Dresden Bank providing

in-depth market analysis as well as trade and investment financing, purchasing and selling foreign currencies and ensuring a smooth transfer of funds - 24 hours a day.

In fact, about one fifth of West Germany's foreign trade transactions are processed through the Dresden Bank Group. And during the course of a year, the total of all the domestic and international transactions handled by Dresden Bank add up to \$120 billion.

Which makes us one of the world's largest and most experienced international banks.

Yet, Dresden Bank's help extends beyond just saving you time and money. Thanks to our Electronic Banking Services and extensive correspondent banking network, we can help you do business profitably in every corner of the globe.

Your success in each market requires a unique approach and thor-

ough understanding of local customs, thereby helping you formulate and implement clear-cut goals. You can rely on Dresden Bank's highly regarded and sophisticated financial packages as well as our knowledgeable assistance in the complex, often time-consuming process of establishing new business ventures.

When could we discuss your special requirements in detail?

Dresden Bank has all the time in the world for you.

Dresden Bank



Handwritten signature or mark.

UK NEWS

BSB buys film rights in \$160m Colombia deal

By Hugo Dixon

BRITISH Satellite Broadcasting is to pay more than \$160m for the rights to broadcast 175 feature films owned by Columbia Pictures, the large Hollywood film studio.

The deal is the largest in a series of purchases made by BSB over the past few months to enhance the attractiveness of the package of programmes that the company will start beaming to homes across the UK next September.

It is also the latest move in a battle between BSB, one of whose leading shareholders is Pearson, publisher of the Financial Times, and Mr Rupert Murdoch's Sky Television. Mr Murdoch last week persuaded Walt Disney, the US cartoon channel, to join his package of satellite channels and also has access to films made by Century Fox, his US film subsidiary.

The battle between Sky TV and BSB has become particularly intense because consumers will have to buy different satellite dishes and electronic equipment to receive programmes from the two organisations.

The companies have, therefore, been increasing the quality of the programmes they are providing in a bid to persuade consumers not to sign up with their rivals.

Under the agreement with Columbia Pictures, which was signed yesterday, BSB will have exclusive rights to broad-



Rupert Murdoch: leading Sky TV's fight against BSB

cast films such as *The Last Emperor*, *Roxanne* and *Karate Kid* in the UK on a subscription basis. It will also have rights to a number of films Columbia has yet to release, such as *Ghostbusters II*.

In recent months, BSB has concluded similar but smaller deals with four other film studios: Cannon, Warner, MGM-UA and Mr David Puttnam's new film company. These moves have given BSB access to more than 850 films. "We are being chosen by Hollywood as the vehicle for their precious films in the UK market," a BSB spokesman claimed.

BSB refused to be pinned down on how the Columbia purchase would be financed, except to say that it would be "managed within our existing plans".

The company, however, has recently made clear that the high expenditure on acquiring film rights will force it to raise more money than initially planned in a rights issue next summer. It is now looking to raise more than £500m, compared with an original plan of £400m.

Call to lift limit on mineworkers' shifts

By John Gapper, Labour Correspondent

BRITISH COAL yesterday called on the Government to remove legal constraints stopping miners from working underground for more than seven and a half hours at a time. It said working hours should be freely negotiated with mining unions.

The call followed the signing of the first six-day flexible working agreement for Asfordby pit in Leicestershire with the Union of Democratic Mineworkers, and a sustained push for more flexible working patterns by British Coal.

The corporation said it had urged the Government to repeal provision of the 1908 Coal Mines Regulation Act which restricts the length of miners' shifts. Most miners work five shifts of seven and a quarter hours each week.

British Coal made its call as the first legislative package of a planned reform of mining safety regulations was laid before Parliament. The reform, which has been criticised by some unions, would allow more flexible local practices.

Under the reform, which the Health and Safety Executive is trying to implement before the planned privatisation of British Coal, managers would be expected to conform to a code of practice rather than having all practices laid out by law.

Mr Ken Moses, British Coal technical director, said at a media briefing that the corporation wanted to introduce longer shifts at north-east col-

lieries where face workers had to spend a long time travelling underground.

The corporation had approached the Government on the subject and wanted freedom to negotiate longer shifts in some pits. "There is not anything particularly onerous about working underground for 10 hours or so," he said.

Despite unofficial lobbying by British Coal, the Government is not to repeal the 1908 restrictions in the Employment White Paper announced last week, which will sweep away many legal restrictions on employing women and young workers.

The Department of Energy said no formal request had yet been made to the Government by British Coal for repeal of the 1908 provisions on working times, but any such submission would be considered carefully.

Sir Robert Haslam, British Coal chairman, said the corporation intended to follow the Asfordby deal by signing a flexible working agreement with the UDM for the proposed Margam drift mine in South Wales.

After the rejection of a flexible working deal for Margam by the National Union of Mineworkers, the UDM - which broke away from the latter after the 1984/85 miners' strike - has been trying to recruit local miners, but Sir Robert said it would not matter if they had no members at the pit, or locally.

Second bid to sell off national laboratory

By James Buxton, Scottish Correspondent

THE Government is to make a second and more cautious attempt to privatise the National Engineering Laboratory after the failure of the privatisation initiative launched during the summer by Lord Young, Trade and Industry Secretary.

Management consultants have been appointed to make a detailed study of the government research institution, based at East Kilbride near Glasgow. A supervisory board is to be appointed to consider any restructuring of the laboratory recommended by the consultants.

Last June, Lord Young unexpectedly called for commercial bids to be made within six weeks for NEL, which carries out engineering research mainly for the Government but also for private industry. He argued that since most of NEL's work was relevant to private industry, the private sector should pay for it.

Nine bids were received and in late August the DTI named YARD, the Glasgow-based engineering consultancy, as the preferred bidder. In early October, however, talks with YARD collapsed, apparently in disagreement over the level of government funding which YARD wanted during the move to the private sector.

Private and public health sectors 'to raise co-operation'

By Richard Donkin

A BREAKDOWN of ideological barriers between public and private health care sectors was leading to greater co-operation between the two, Mr Bob Graham, chief executive of British United Provident Association, told a Financial Times conference on private health care in London yesterday.

Mr Graham said the growth rate of the private health care industry had been more rapid than that of the national economy and had become a £1bn industry serving more than 10 per cent of the population and providing about 14 per cent of UK health care.

The latest estimate is that about 17 per cent of the nation's elective surgery is now performed in the private sector," he said.

The horizons of the private sector, said Mr Graham, would continue to be bounded by the National Health Service. "I remain convinced that the NHS will continue to be the principal provider of health care for the foreseeable future," he said.

He rejected proposals such as tax breaks and subsidies for the industry which had been mooted in the past. He said: "It would be unwise to base future planning on economic crutches given to the industry by a government of one political persuasion which could be kicked away overnight by a new regime of a different persuasion."

Mr Graham also rejected exemptions of tax contributions for those using private health care. "I believe it right and proper that users of private medicine should pay their full share of taxes towards the NHS, thus avoiding both the suggestion and the reality of a two-tier system of health care with first- and second-class services," he said.

"Demand for health care is insatiable. It simply continues to outstrip the growth of provision," said Mr Graham. But while the proportion of GNP spent on private medicine in

Britain was only 0.8 per cent, in both West Germany and France it was 1.8 per cent.

The theme of greater co-operation between the private and public sectors was supported by Mr Brian Edwards, regional general manager of Trent Regional Health Authority, who said that income generation would become a growing feature of Health Service finance. "Income generation targets of some £100m a year now seem possible," he said.

Shopping, marketing, advertising, employee services, and sponsorship, he said, were all obvious areas for health service income. "I expect the NHS to operate a far more mixed economy in the future. In the private sector to help us top off long waiting lists."

Mr Peter Townsend, chairman of Bioplan Holdings, said his company had led the field in developing private health care facilities in partnership with the NHS.

All negotiations with the Health Service, he said, had been held on an open book basis, so that each could see the costs involved.

He said there was every possibility that partnership, properly structured, could lead to the NHS being the preferred provider of health care in the UK.

Dr Ken Grant, district general manager of the City and Hackney District Health Authority in London, said the Health Service needed to be very careful about putting low dependency patients out to the private sector, while continuing to take in high dependency patients, since it put staff under stress.

Mr John Chawner, chairman of the private practice committee of the BMA, said the Health and Medicines Bill had given managers of health authorities wider powers, with the result that many managers were now looking at new ways of raising income, such as opening shops or banks.

General Dynamics offers tank deal

By Lynton McLain

GENERAL DYNAMICS, the US arms manufacturer, has offered UK companies co-production of the US Abrams main battle tank it has offered the British army in competition with Vickers.

The US company also offered "long-term partnerships" in tank design which would give British companies access to other world markets: if the US tank is chosen.

General Dynamics said yesterday that it had talked to the UK companies capable of making main battle tanks, but it would not say if it had talked with Vickers.

Ministers are to decide before the end of the year whether to buy the Vickers Challenger II tank or Abrams.

The decision on which tank to buy is regarded by the minister of defence as the most

difficult defence procurement decision it has had to make. Lord Treigarnie, the minister for defence procurement, said last week that the decision was more difficult than the Nimrod decision, which resulted in the Government cancelling the GEC-Marconi Nimrod airborne early warning contract - after almost £1bn had been spent - in favour of the US Boeing AWACS aircraft.

Gooding unveils buy-out plan

By Clay Harris

MR ALF GOODING, the Welsh industrialist, yesterday unveiled a buy-out plan to consolidate his control over the Gooding Group, a private company which owns Race Electronics, a Cardiff-based supplier of circuit boards to several Japanese electronics groups.

The offer from Tacbdale Investments, a buy-out vehicle owned by Mr Gooding's personal interests and Citicorp Capital Investors Europe, values Gooding Group at £25.6m.

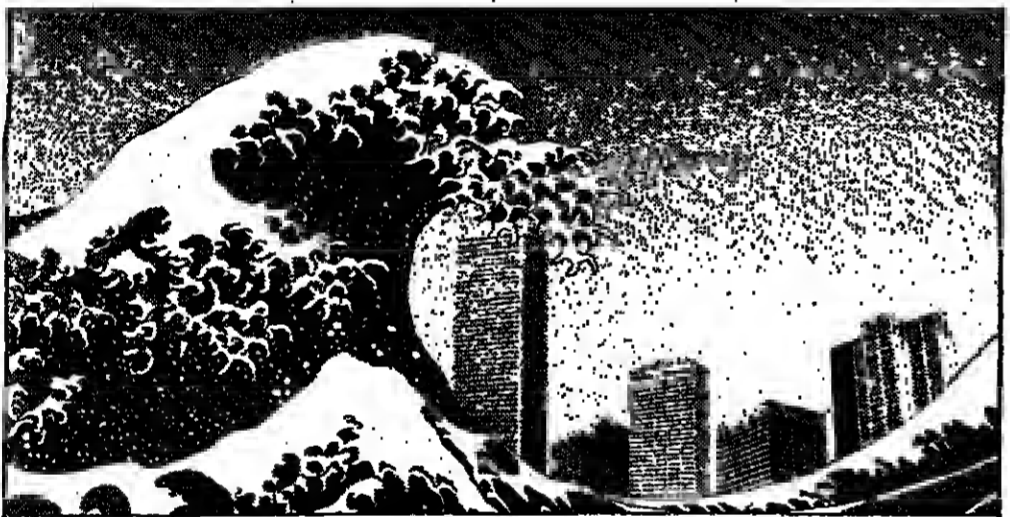
The proposal is intended to lead to a reconstruction of Gooding to enable Race "to maximise its potential in the electronics components industry," the bidder said.

Race is the only operating company left in Gooding, after the £6m management buy-out in January of Servis, the man-

ufacturer of washing machines, fridge freezers and microwave ovens.

Gooding had previously sold Porth Decorative Products, a manufacturer of artificial Christmas trees; Conwertec International, a paper and board metalliser; and Wiljay, a designer and manufacturer of pumps and compression equip-

ment.



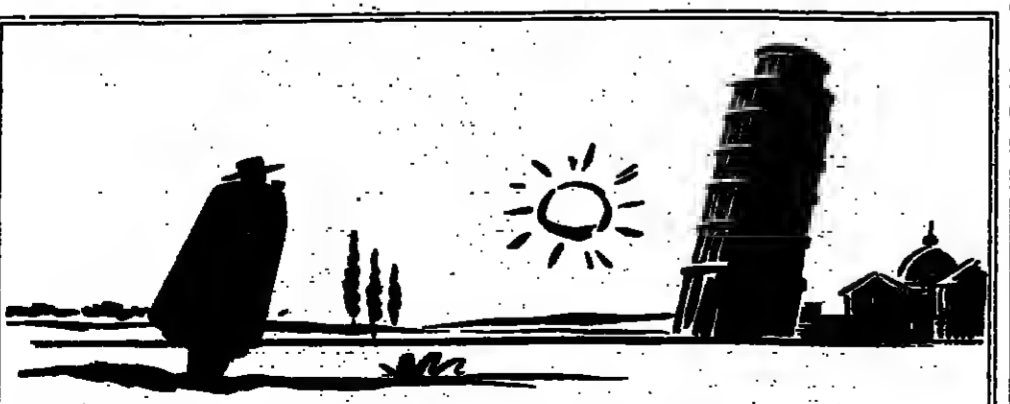
To Navigate in the Rough Waters of International Financing, Rely on Tokai Bank

The seas of international finance can get quite stormy. That's why you need an experienced navigator to determine the proper course for your financing and investments. With over 100 years of experience, 49 overseas offices, more than 1100 correspondent banks, and total assets of US\$ 222 billion, Tokai Bank is in a position to take command.

We don't rely on dead reckoning. As one of Japan's leading banks, our global information network provides a diverse range of accurate, up-to-the-minute banking services, innovative financial techniques, and an expert knowledge of the Japanese market. To make sure you steer the right course in international financing, come aboard with Tokai Bank.



Head Office: 2-3-1, Marui-cho, Nakano, Tokyo, Japan Tel: 03-331-1111 Telex: 338322 International Banking Group: 2-3, Chomachi-cho, Chiyoda-ku, Tokyo, Japan Tel: 03-321-1111 Telex: 332222



SANDEMAN FOUNDERS RESERVE PORT. NO LONGER RESERVED FOR THE ENGLISH.

Love at first site.



Obviously something has been attracting technically advanced firms from around the world to Bavaria - Europe's premier location for high-performance companies. Consider this combination of typical strengths:

1. Bavaria has a strong commitment to the principle of help for self-help. Solid support for education and vocational training, R&D, technology transfer, and a variety of investment incentives.

2. As Germany's largest federal state, Bavaria offers diverse sites for industrial settlement. Companies locating in Bavaria can tailor facilities from more than 27,000 acres of available space.

3. Bavaria is a technically advanced economy and employs one-fourth of all Germans active in electronics and electro-technology - industries such as components manufacture, telecommunications, data-processing, and electromedicine.

4. Bavaria features one of Europe's highest concentrations of user industries of advanced technology products. Leading electrical and mechanical engineers, automakers, and aerospace industries operate in Bavaria.

5. Bavaria employs more people in R&D in the industrial sector than in any other state. It is the home of the world-famous Max-Planck Institute and Fraunhofer-Gesellschaft as well as many research facilities for micro-electronics and biotechnology.

6. In Bavaria, entrepreneurial drive and a strong work ethic are the bedrock of growing prosperity. Government, business, the labor community, and the academic world have linked resources to create an ideal environment for high-performance companies.

Not bad for a state famous for its charming lifestyle. If your company is considering expansion in Europe, take a close look at Bavaria. It'll be love at first site.



Bavarian State Ministry of Economics
D-8000 Munich 22, P.O.B., Federal Republic of Germany
Please send information about location opportunities in Bavaria.

Name _____
Company _____
Street _____
City _____

Bavaria. Fertile soil for high-performance companies.

UK NEWS

Kitchens on alert after salmonella outbreaks

Lisa Wood reports on food poisoning fears

A current wave of anxiety sweeping through Britain's kitchens - with the fear of food poisoning from a "three minutes" egg or an egg nog - stems from a strain of bacteria called salmonella enteritidis.

Scientists estimate that up to 50 per cent of birds stored in the supermarkets chill cabinets contain the bacteria - hence the advice on the proper cooking of fowl, particularly the large Christmas turkey.

Dr Terry Roberts, head of microbiology at the Institute of Food Research (Bristol Laboratory) of the Agriculture and Food Research Council says, for example, that modern methods of rearing chicks - with the birds being separated from their parents - leaves the chicks more vulnerable to salmonella infection.

Food poisoning is causing growing concern in Britain. The University of Bradford's Food Policy Research Unit recently reported an increase of 50 per cent in reported cases of bacterial food poisoning between 1982 and 1986.

Salmonella enteritidis - a bacterium which is no more pathogenic for man than any other salmonella - is a strain that has the potential to infect the bird's reproductive system. Scientists believe that this could be one route for the current contamination of eggs.

The Government itself insists that it is not cutting back on spending on food safety.

The report, which looked at what industry was trying to do to control sources of infection said: "The fundamental problem is that people generally do not take the issue seriously enough even though food-borne disease is a genuine food safety hazard."

In Denmark a scheme has resulted in a sharp decrease in the frequency of salmonella outbreaks in poultry although the disease has not been eradicated.

An important strand of the Government's thinking is a concentration on consumer awareness. The MAFF and the Department of Health - which last week gave advice on the proper handling of eggs - are at present investigating the whole question of consumer education in food.

Nevertheless, the incidence of salmonella infection among poultry is a major concern for the Ministry of Agriculture, Fisheries and Food which next month will publish a new code of practice for the control of salmonella in poultry.

Although the MAFF says there is no evidence that the intensive husbandry of birds inevitably causes more infection, modern production methods may give a greater potential for infection.

Research, for example, is being instigated into what happens in the typical household when the shopper buys a ready-to-eat dish which has been kept at a controlled temperature until the point of sale.

Single market 'in danger of losing momentum'

By Kevin Done, Motor Industry Correspondent

MR GEOFFREY Whalen, president of the Society of Motor Manufacturers and Traders (SMMT) and chief executive of Peugeot Talbot warned last night of the danger of losing momentum in the development of a single market in Europe.

used a few more signs of real progress, said Mr Whalen. "I detect a growing scepticism on the readiness of European governments to make a genuinely single market work."

"completely against the spirit of a single European market" if individual countries discriminated against certain vehicles through taxation measures, among other things.

Mr Whalen made a special plea to the British Government not to increase the taxation of company car benefits for high-mileage business users.

Those seeking to destroy the whole system of company cars "might as well be as radical or courageous" but they were in fact "small-minded and dangerous". Any further increases in tax on the majority of company car drivers would be "punitive".

Notice of Partial Redemption to the holders of Compagnie des Bauxites de Guinee U.S. \$30,000,000 8% Guaranteed Bonds Due 1990

NOTICE IS HEREBY GIVEN that pursuant to Section 5.01 of the Indenture dated December 31, 1972, the Company will redeem U.S. \$3,000,000 principal amount of the 8% Guaranteed Bonds due 1990 at 100% of the principal amount (the "Redemption Price") on December 31, 1988 (the "Sinking Fund Redemption Date") when interest on the Bonds will cease to accrue.

Serial numbers of the Bonds called for the Sinking Fund Redemption are as follows:

Table with multiple columns of bond serial numbers ranging from 51 8849 to 6647 7818.

Repayment of the principal amount will be paid to Bondholders on December 30, 1988, against presentation of the bonds with all coupons appertaining thereto after the date fixed for redemption, at the offices of any one of the following paying agents, 1) The Corporate Trust Office of Bankers Trust Company in the Borough of Manhattan, New York, 2) Bankers Trust Company, in London, 3) Bankers Trust Company, in Paris, 4) Banque Generale du Luxembourg, in Luxembourg, 5) Swiss Bank Corporation, in Basle, 6) Banque Indosuez Belgique, in Brussels, 7) Deutsche Unionbank in Frankfurt/Main, 8) Banca Commerciale Italiana, in Milan and 9) Amsterdam-Rotterdam Bank, in Amsterdam.

Accrued Interest due on December 31, 1988 will be made in the normal manner against presentation of Coupon No. 16, on December 30, 1988.

Bankers Trust Company, London 30th November, 1988 Agent Bank

£40 is a small price to pay to stay within the law. Businesses in Great Britain, no matter how big or small, that hold information about people on computer, must register with the Data Protection Registrar.

Form for Data Protection Registrar registration. Includes fields for Name, Work Position, Address, Postcode, and a section for 'To: The Data Protection Registrar, E.O. Box 30, Wilmanslow, Cheshire SK9 5AE'.

Philips Pocket Memo - Your Electronic Notebook. You speak 7x faster than you write. So record all your notes, ideas and correspondence on a Philips Pocket Memo. It's instant and you can use it anywhere. Philips - The Dictation Specialist.

Highlights of 1987/88 ANZ Group Results for the year to 30 September 1988.

"Current indications are that ANZ's profit and key profitability ratios will continue to improve" Sir William Vines, AC, CMG, Chairman.

	1988	% CHANGE
Net interest and other income	£1,653.8m	+20.5
Operating profit before tax	£447.0m	+18.2
Operating profit after tax	£234.8m	+31.1
Return on average shareholders' funds	15.1%	+15.3
Earnings per share	33.0p	+26.6
Total dividend (Final to be paid 10 February 1989)	16.0p	+49.0
Special dividend (To be paid 21 April 1989)	12.0p	N/A

All amounts are expressed in Sterling converted at 30 September 1988 rate.

The Group's Annual Report will be posted to shareholders on 21 December 1988. The Annual General Meeting will be held in Melbourne on 23 January 1989. A meeting of United Kingdom shareholders will be held on Tuesday, 14 February 1989 at the Merchant Taylors Hall, London commencing at 4.30pm. Shareholders will be advised of further particulars shortly.

ANZ Worldwide

Australia and New Zealand Banking Group Limited.

Buyers of broker business liable for non-completion

BRITISH AND COMMONWEALTH HOLDINGS PLC v QUADREX HOLDINGS INC Queen's Bench Division (Commercial Court). Mr Justice Hirst. November 24 1988

WHERE THE buyer of a business unduly delays completion, time becomes of the essence of the contract though no specific completion date was fixed, if the seller gives reasonable notice that he requires performance by a certain date, and if the agreement as a whole and the nature of the business show that the parties were to use the utmost diligence. And the fact that the seller knew the buyer was having difficulties in raising finance for the purchase price is irrelevant to the question whether notice was reasonable in the circumstances.

Mr Justice Hirst so held when giving summary judgment for the plaintiff, British and Commonwealth Holdings plc, against Quadrex Holdings Inc, a US company registered in Delaware, in an action for breach of contract arising out of the sale for £280m of two money-broking businesses. HIS LORDSHIP said that on July 16 1987 B & C offered to buy the entire share capital of Mercantile House Holdings. At the same time it announced its intention of selling Mercantile's wholesale broking division consisting of MW Marshall & Co, an English international money broking company, and William Street Holdings, a US broker in US government securities.

On August 13 it was agreed between B & C and Quadrex that if B & C acquired 100 per cent in Mercantile House it would transfer the wholesale broking division to Quadrex for £280m. Specified completion arrangements were to take place "as soon as reasonably practicable" after certain conditions had been satisfied.

In September Quadrex entered into a loan agreement with Citibank, to fund the purchase price. The financing terms were confidential and did not come to B & C's knowledge until October. One of the conditions of the loan agreement required the cooperation

of the directors of Marshall. They refused to give that cooperation and Citibank subsequently refused to fulfill its commitment on the ground that Quadrex had failed to comply with all the express conditions of the loan agreement.

Quadrex was unable to complete the agreement with B & C on the provisionally agreed date of December 17, nor the subsequent date, January 6. On January 25 B & C wrote to Quadrex giving notice that it required completion no later than February 28, and that unless Quadrex completed by that date B & C would treat its failure as a repudiation of the contract.

Quadrex failed to complete on February 28. B & C applied under RSC Order 14 for summary judgment against Quadrex for breach of contract. It was only entitled to summary judgment if it could establish that it had an unanswerable case on liability, to which there was no arguable defence.

B & C contended and Quadrex denied that it was an implied term of the agreement that time was of the essence of the contract, and that the notice of January 25 was reasonable.

The general principles relating to time being of the essence were correctly summarised in *Chitty on Contracts 26th ed para 1391*. At Common Law in the absence of contrary intention, performance of the contract had to be carried out on the exact date specified. A party could treat the contract as repudiated if the other party's performance was not completed on the fixed date, since time was of the essence.

In equity the court gave relief against failure to keep the assigned date "if it could do justice between the parties". By section 41 of the Law of Property Act 1925 the rules at law were now the same as those in equity.

Only in three cases, said *Chitty*, was time of the essence of the contract: (1) where the parties had expressly stipulated that the time fixed for performance must be exactly complied with; (2) where the circumstances of the contract or the nature of the subject matter indicated that the fixed

date must be exactly complied with; (3) where time was not originally of the essence of the contract but one party had been guilty of undue delay and notice was given by the other fixing a reasonable time for performance. In deciding what was reasonable notice, the court would take into account all the circumstances.

Mr Grahner for B & C submitted that time was of the essence. Mr Waller for Quadrex submitted as a matter of principle that time could only be of the essence if the contract itself laid down a fixed date, and only then did the question arise as to whether that fixed date was of the essence of the contract.

Mr Waller's propositions were unavailing. *Macbride v Weekes (1856) 22 Beav 533* showed clearly that even though no fixed date was nominated, time might necessarily be of the essence in equity in the sense and to the extent that it was incumbent on the parties to use their utmost diligence. *Post Chaser (1862) 1 All ER 19* was clear authority for the same proposition.

Whether time was necessarily of the essence in the sense described in *Macbride* and *Post Chaser* depended on the terms of the agreement as a whole, and on the nature of the subject matter to which the agreement referred.

In the agreement the provision that completion arrangements should be made "as soon as reasonably practicable" after certain conditions had been complied with, pointed strongly to time being of the essence.

Those considerations were strongly reinforced by the nature and subject matter of the contract, namely the sale of a business in the financial services sector of a kind which was prone to rapid and significant fluctuations of activity, profitability and value.

Taking all those considerations into account, it was a case where equity considered time essential having regard to the damage which would be inflicted on the opposite party by disregarding it. Time was necessarily of the essence of the agreement in the sense that it was incumbent on both parties to use their utmost dili-

gence to complete their part of the contract. In equity B & C were at liberty to fix a time limit for completion by giving reasonable notice.

The question was whether the notice of January 25 was reasonable notice.

Mr Waller contended that the notice was unreasonable since when it was given B & C knew that Quadrex was unable to obtain the necessary finance from Citibank.

It was for the buyer alone to arrange his finance by whatever means he chose, so as to place himself in a position to pay the purchase price in accordance with the terms of the contract. If his arrangements proved inadequate for the purpose, he would be in breach of contract, and must bear the responsibility. Any other rule would result in commercial chaos.

Quadrex's own difficulties in obtaining finance were not part of the relevant circumstances which might be taken into account in deciding whether the length of notice was reasonable. Equally the ability of the Marshall's directors to block the funding by Citibank could not possibly be a relevant consideration in considering reasonableness of notice, since it stemmed from Citibank's terms accepted by Quadrex in September, unknown to B & C.

The circumstances were overwhelmingly in favour of the view that notice was reasonable. Time was of the essence of the agreement. Target dates of December 17 and January 6, accepted by Quadrex, had gone by. Five weeks' notice from January 25 was reasonable. Quadrex had no arguable defence on that ground and could demonstrate no arguable defence on liability.

Quadrex failed to raise any triable issue. B & C was therefore entitled to summary judgment on liability, damages to be assessed.

For B & C: Mark Waller QC, Nicholas Pufffield and Dominic Douley (Slaughter and May). For Quadrex: Anthony Grahner QC and Nicholas Stadden (Herbert Smith & Co).

Rachel Davies Barrister

WHICH FT DIARY WILL YOU CHOOSE FOR 1989?

WITH OVER 100 PAGES OF METICULOUSLY RESEARCHED INFORMATION - PRESENTED IN A CHOICE OF 4 SUPERB FINISHES - THE FINANCIAL TIMES DIARY MUST BE YOUR CHOICE FOR 1989

Apart from making day-to-day planning simpler and more efficient, the Financial Times Desk Diary is indispensable as a personally ready reference source. In fact, it's like having an international business data base on hand whenever you need it.

New, subtle improvements in design and layout give 30% more space on the day-to-day and notes pages. Also, to ensure that the data in the FT Diary is right up to the minute, we've added information that reflects changes in the world's financial markets.

As you would expect from a highly respected newspaper like the Financial Times, information has been meticulously researched with everything easy to find and clearly laid out.

Whether you need key statistical data, business vocabulary in German, French or Spanish or to know which airlines fly to a particular city, the diary will tell you. It can help you plan your trip to the finest detail with useful information on visas, customs, business hours and local holidays. For example, in over 55 countries.

THE DIARY OF THE YEAR - IN THE BINDING OF YOUR CHOICE

Available in a choice of four finishes: a selection of cover bindings - Rich Black Leather, Burgundy Keweenaw Leather or Black Leatherette. And for those who want the ultimate in quality and craftsmanship there's the Chairman's Set, consisting of a matching desk and pocket diary, bound in sumptuous rich brown leather with fine gold tooling.

THE PINK DESK DIARY

Produced in response to the demand for a smaller more portable FT Diary, the FT Pink Desk Diary with its FT pink pages and innovative format is quite unique. Its distinctive size and shape make it equally at home on a desk or in a briefcase. The page-a-day layout gives you ample space for notes and business suggestions. Although more compact than its standard counterpart, it contains much of the same information.

FT Pocket Diaries and Wallets are available in a choice of bindings to match the FT Desk Diaries.

THE WORLD'S MOST APPRECIATED BUSINESS GIFTS

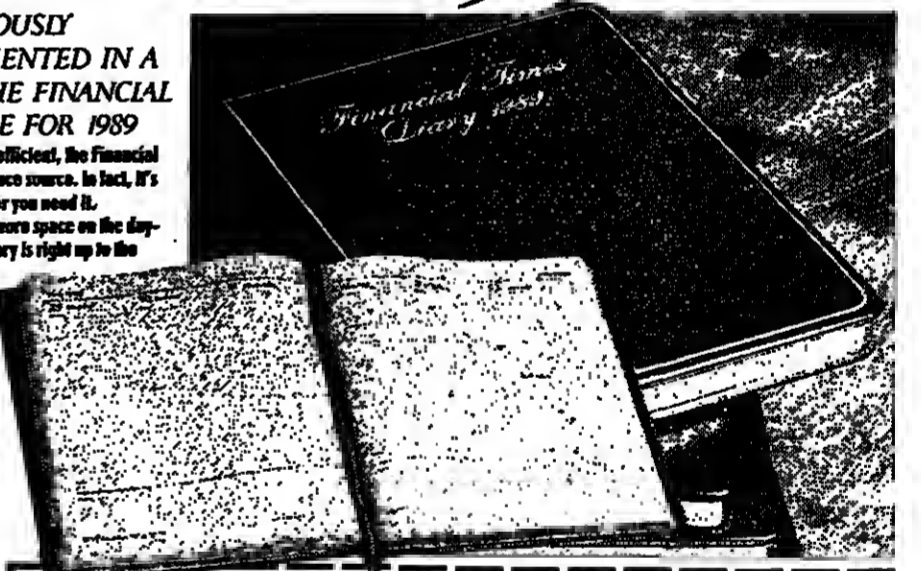
FT Diaries will be greatly welcomed if they are personalised with the recipient's name or initials in high quality, long-lasting gold-leafing. Or you might wish to include your company name or logo - the perfect way of ensuring your clients will think of your company every working day. We can also include a special eight-page section to promote your firm. In fact, for total exclusivity, we can produce any of our products in any colour or material.

THE FT COLLECTION - A TRADITION OF EXCELLENCE

Financial Times Diaries is just one range of superbly crafted items in the FT Collection. Other items include the excellent FT Fitchester personal time and task management system, a new range of business Essentials sets, new for 1989, the stylish FT Wall Calendar.

Discounts of up to 25% on bulk orders - providing you order well in advance. To qualify, you must order 25 or more items from the same product range - the earlier you place your order, the more you save. That's why we offer to reserve FT Diaries and gifts for you without obligation or commitment. Contact us now on 01-799 2274.

Let the FT produce a special gift for you. Why not use our experience and knowledge to produce a specially commissioned gift of your choice? We'd welcome the opportunity of discussing any ideas you may have. Send for the free FT Collection catalogue now. Write or telephone the FT Collection, 7th Floor, 50-64 Broadway, London SW1H 0UG. Tel: 01-799 2274, or send a business card.



ORDER FORM
 Please tick where applicable:
 C1 Personal and use the FT Collection Catalogue and Order Form
 C2 I wish to place a business card in selected diary

DISCOUNTS APPLY TO THE TOTAL NUMBER OF ITEMS ORDERED FROM THE RANGE

Quantity	10%	15%	20%	25%
1-24				
25-49	10%	15%	20%	25%
50-99	15%	20%	25%	30%
100-499	20%	25%	30%	35%
500-999	25%	30%	35%	40%
1000+	30%	35%	40%	45%

Product	1-24	25-49	50-99	100-499	500+
Personalised gift with each appointment and note every 15th page	£1.50	£1.80	£2.10	£2.40	£2.70
Initials and company name per page (available on demand)	£1.20	£1.50	£1.80	£2.10	£2.40
Initials only per page	£1.00	£1.20	£1.40	£1.60	£1.80

Gold Blocking of your Company Logo (only available on orders of 25 items or more)

Product	1-24	25-49	50-99	100-499	500+
Personalised gift with each appointment and note every 15th page	£1.50	£1.80	£2.10	£2.40	£2.70
Initials and company name per page (available on demand)	£1.20	£1.50	£1.80	£2.10	£2.40
Initials only per page	£1.00	£1.20	£1.40	£1.60	£1.80

Block for your logo

Your own publicity material in Diaries or Organisers

Telephone orders for less than 25 items: 01-799 2274 with your credit/charge card details

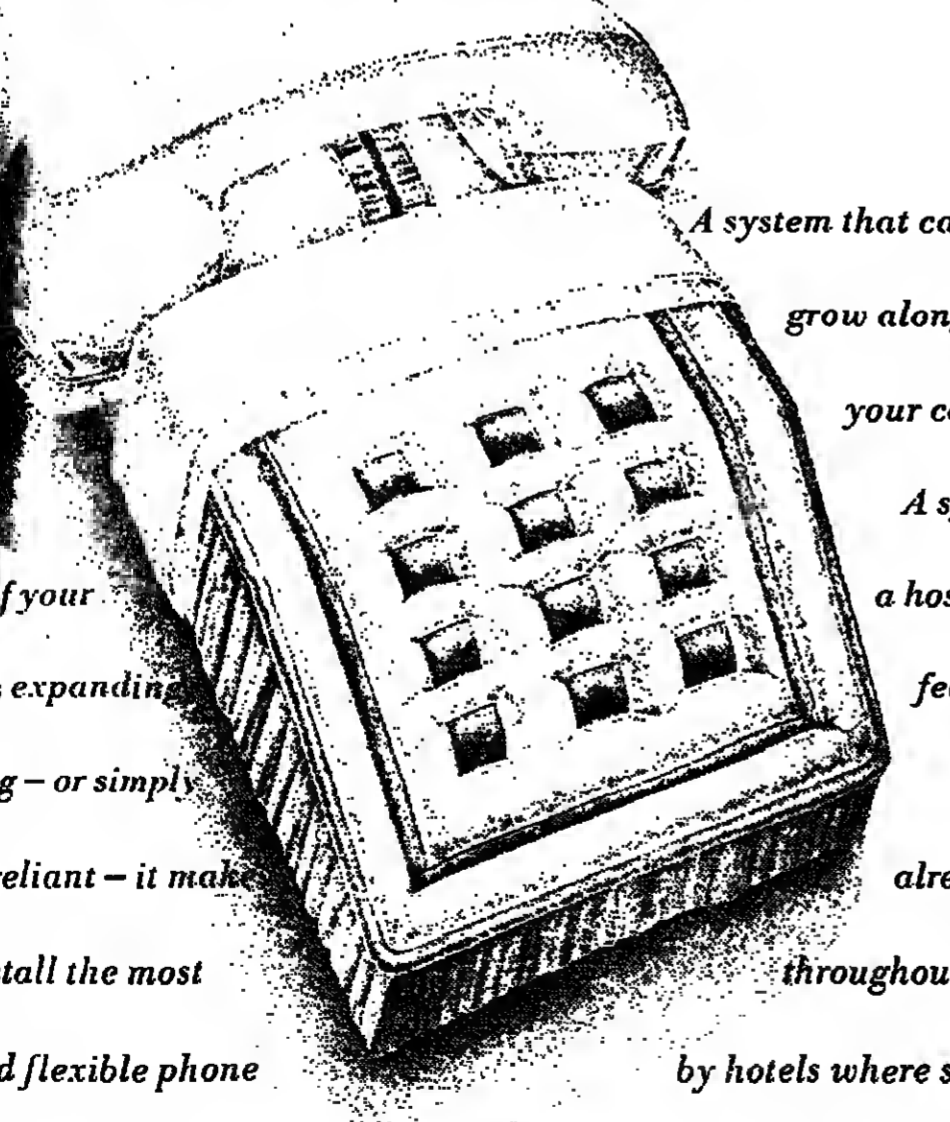
WHY more and more hotels rely on MITEL.

A system that can actually grow along with your company.

A system with a host of unique features.

A system already in use throughout the world by hotels where service and efficiency really count.

If your company is expanding, reorganising - or simply telephone reliant - it makes sense to install the most reliable and flexible phone system on the market.



IF YOU DEPEND ON THE PHONE FOR YOUR LIVING, DEPEND ON MITEL FOR YOUR PHONE.

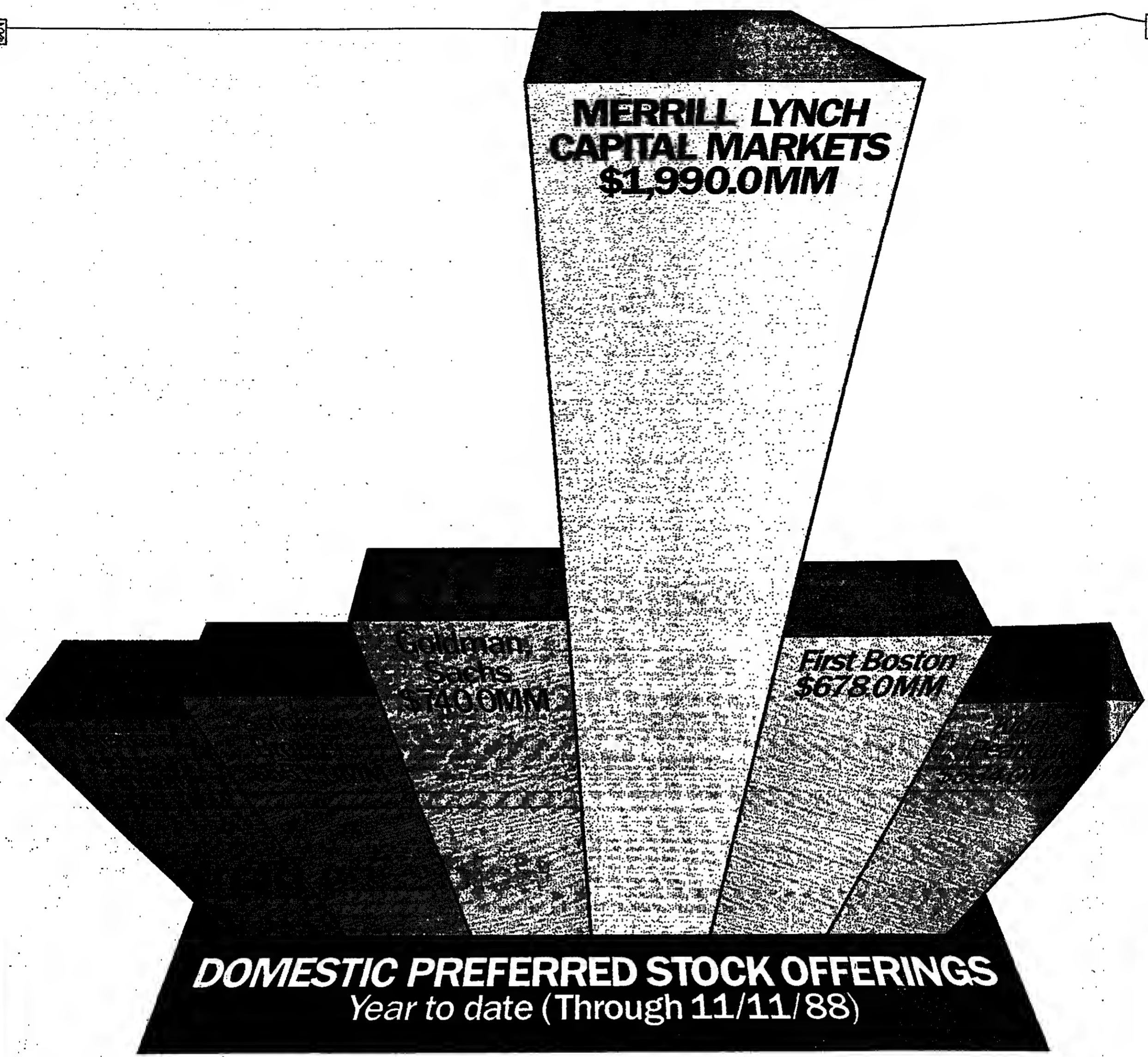
For more information, call Chris Bayntun at local rates on 0345 078267. Mitel Telecom Limited, Portsoken, Gwent NP6 4YR.



The FT Collection
 A TRADITION OF EXCELLENCE
 FT Business Information Ltd, Registered Office, Brookes House, 10 Cannon Street, London EC4A 3DF.

Handwritten signature: J. J. J. J.

Handwritten text: 10/11/88



Source: IDD Information Services. Credit is given to the lead manager for the issue.

Once again, Merrill Lynch is preferred.

Merrill Lynch is the confirmed leader in preferred stock because our distribution system and diverse preferred stock products reach the entire spectrum of investors—from the large corporate cash manager and institution to the retail investor.

Our leadership in preferred stock also extends to execution and product development. The Merrill Lynch trading desk provides issuers with optimal execution, while assuring liquidity to investors. Our innovative products have created opportunities for issuers and have given investors flexibility in achieving their goals—products like

remarketed preferred stock, exchangeable preferred stock and preferred stock for funds.

Distribution strength, innovative products and expertise in execution have made Merrill Lynch the leading underwriter in preferred stock. Whether you're an issuer or an investor, this means one thing—you come out way ahead.



©1988 Merrill Lynch Capital Markets

TECHNOLOGY

Setting the pace in concrete research

By Hilary Barnes and Xueling Lin

A SMALL Danish company, G. M. Idorn Consult, is pioneering a much more scientific approach to concrete technology through the use of computer simulations and a type of microscopy.

The Danish consultancy, named after its founder and director, Gunnar M. Idorn, is a subsidiary of the Danish consulting engineers and planning group, Ramboell & Hanne-mann. Idorn has established itself as a world leader in concrete technology and is employed on a wide range of projects.

Concrete is a versatile material. Idorn uses a technique called fluorescent microscopy to control the quality of the mix, as well as to check for defects in existing structures.

Slices of concrete thinner than a human hair are examined to see how the three basic ingredients - cement, sand and aggregate (coarse stones) - sit together.

Computer simulation is used to find the optimum combination of the three ingredients. Certain combinations give greater density to the concrete and, for example, make it watertight.

This point is crucial to the Channel Tunnel, one of the projects on which Idorn has been engaged. Its research into the microstructure of the material will be used to maximise the durability of the tunnel's concrete casing, which is being constructed on the assumption that it will last for a century.

Beneath the Channel, the casing will face exposure to salt water at pressures of up to

10 atmospheres. Water must be kept out of the concrete, where its presence would cause a reaction between the alkalis and the aggregate in the concrete, leading in the worst case to cracks in the tunnel casing. Another problem that would arise if water got in is that it would corrode the reinforcement materials.

Among Idorn's other projects is one that involves monitoring a 6 km concrete quay in north-eastern Australia. Built in the mid-1970s, the structure developed cracks within a few years of exposure to the aggressive climatic conditions of high temperatures, high humidity and salt water.

The information gathered from the monitoring will help the owners of the facility, used by the sugar industry for bulk-loading on to ships, to plan maintenance and repair and to extend the life of the quay.

Idorn's research results - into the porosity, permeability, and flowability of concrete and the use of additives - are also leading to some innovative uses of concrete.

At its Copenhagen office, the company has bowls on display which appear to be made of bone china. They are in fact made of concrete.

Idorn has developed a method which gives concrete the consistency of clay. It can be moulded and shaped in the same way as the traditional potter's material.

The advantages are that the finished product does not need firing and the raw material is cheaper than clay.

Malaria vaccine to be tested

By John Wicks

THE US authorities have approved clinical testing on humans of a synthetic vaccine against malaria.

The genetically engineered vaccine has been developed by Biocine Company, of Emeryville, California, which is a joint venture between Ciba-Geigy, the Swiss chemicals and pharmaceuticals group, and the biotechnology company, Chiron Corporation, also of Emeryville.

The vaccine is produced in yeast and uses parts of the cell

wall of plasmodium vivax, the microscopic organism which is the main cause of insect-borne malaria in Asia and Latin America. Its disease preventing properties have already been demonstrated in animal tests.

The trials on humans will take place at the National Health Institute at the University of Maryland.

According to the World Health Organisation, 215m people fall ill with malaria every year. As yet there is no effective vaccine available.

Decaffeinated coffee is meant to help you get to sleep, but at the moment it is the only sector of the generally somnolent coffee market that is showing any life. UK sales of "decaf" rose by 30 per cent in 1987 and industry sources estimate that sales this year will increase by about 50 per cent to £70m.

Even so, British enthusiasm for decaf is running behind that in many other Western countries. Eleven per cent of the coffee sold in the UK has had the caffeine removed, compared with 20 per cent in West Germany and more than 30 per cent in Spain and the US.

Brands owned by Nestlé of Switzerland and General Foods of the US dominate the decaf market in most countries.

The growing demand for decaf is driven both by evening coffee drinkers who do not want to be kept awake at night and by people searching for a "healthy lifestyle" who feel that caffeine is in some way bad for them. Market research by Nestlé shows that most decaf drinkers are middle-aged women, not suppliers trying to keep up with the latest food and drink fashions.

Coffee growers and manufacturers have somewhat ambivalent feelings about decaf, rather like those of the brewers about the boom in alcohol-free beer. They are worried over what they see as ill-founded fears about the safety of their main products, but at the same time delighted to encourage the fastest growing sector of the market.

Some retail experts believe that demand for decaf would increase even more quickly if consumers were not confused and a little concerned about the methods used to remove the caffeine. There is widespread suspicion that harmful "chemicals" are employed and that their residues may be left behind in the coffee.

Manufacturers use a wide variety of techniques, all of which remove at least 97 per cent of the caffeine originally present in the coffee. But the methods have many common features.

Commercial decaffeination is always carried out on green (unroasted) beans, because most of the characteristic coffee flavours emerge during roasting. Afterwards the decaffeinated beans are roasted and processed in the same way as ordinary beans to make instant, ground or filter coffee.

The basic decaffeination process involves first wetting or steaming the green beans to

The route to a perfect cup of coffee

Clive Cookson examines the growing demand for "healthy" methods of decaffeination

open up their cell structure. The caffeine is then removed with a solvent. Three types of solvent are in commercial use:

• Organic chemical solvents. The world's first commercial decaffeination plant, opened by Kaffee Hag in Bremen, West Germany, in 1906, used benzene, but today methylene chloride or ethyl acetate is preferred.

• Carbon dioxide. In the 1970s Hag - now part of General Foods - developed a process using hot carbon dioxide at high pressure (more than 100 atmospheres). Under these conditions the carbon dioxide is a "supercritical" fluid which behaves like both a liquid and a gas. It is a highly selective solvent, removing the caffeine without affecting the other natural chemicals which give the coffee its flavour when the beans are roasted. The caffeine is separated from the circulating carbon dioxide by absorption on extremely finely powdered carbon, known as activated carbon.

• Water. Hot water washes caffeine out of coffee beans very effectively but unfortunately, unlike the more selective organic solvents and carbon

dioxide, it also dissolves out a lot of water-soluble flavour components which have to be put back into the beans later. After the green beans have been steeped in water, caffeine is removed from the solution, either using a solvent such as methylene chloride or activated carbon that has been treated to prevent it absorbing the other components. Then the caffeine-free extract is concentrated by evaporation and returned to the partially dried beans.

Until very recently, most coffee was decaffeinated with organic solvents, and methylene chloride is still used extensively in Europe. But the industry is now changing to carbon dioxide and water, under pressure from consumer advocates, particularly in the US, who say that tiny residues of solvent left behind in the beans could be a health hazard.

General Foods has adopted Hag's carbon dioxide process for all its decaffeinated brands and Nestlé now uses a water extraction process.

Although the US Food and Drug Administration reaffirmed its approval of methylene chloride for decaffeination

How caffeine affects the human body

CAFFEINE is a type of chemical, known as an alkaloid, which occurs in several kinds of plant. Biologists do not fully understand why plants such as coffee and tea make caffeine, but one theory is that it has evolved as a natural herbicide to help growing shrubs overcome competing plants.

The effects of caffeine vary. Women retain caffeine in their body for much longer when they are pregnant, whereas smokers eliminate caffeine twice as quickly as non-smokers.

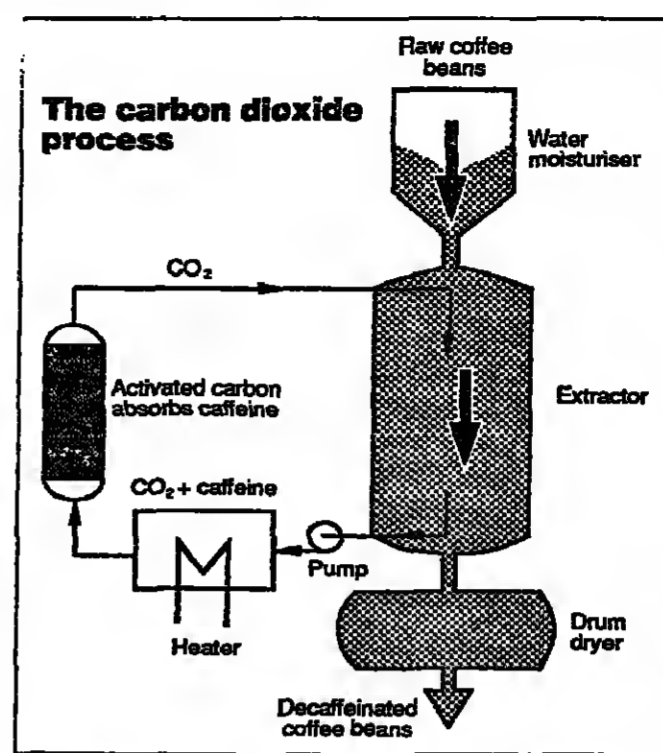
The most noticeable effect is to stimulate the nervous system: people who are sensitive to caffeine will certainly sleep less well if they drink ordinary coffee before going to bed. However, the body can become habituated to caffeine and many regular coffee drinkers can take a cup or two in the evening without their

sleep being disturbed.

Other physiological effects of caffeine include stimulating the production of urine and of gastric juices. And some people who are susceptible to irregular heart rhythms and palpitations find that these are triggered by caffeine.

Caffeine does not accumulate in the body, so its effects are short-lived. But it has been accused at one time or another of contributing to most of the serious health problems of the 20th century, including heart disease, cancer and hirth defects.

Although a few studies have suggested a link between caffeine and disease, the International Coffee Organisation says that the bulk of scientific evidence leads to the conclusion that normal, regular consumption of caffeine does no long-term harm.



In 1985, after a thorough investigation, consumer groups still believe it should be phased out. "Our view is that there might conceivably be a risk," says Melaine Miller of the London Food Commission. "Why should we take that risk when completely safe methods of decaffeination are available?"

"Even if the methylene chloride residue is so minute as to be acceptable from the health point of view, it is not acceptable from the marketing point of view," says Tony Wild, a coffee buyer and blender with Taylor's Tea and Coffee in Harrogate.

Most decaf is sold as instant coffee. But the companies selling decaf beans and ground

coffee - a \$5m-a-year niche market in the UK - are particularly anxious to reassure consumers that a "natural" decaffeination process has been used. The magic phrase here is the "Swiss water process", this should refer exclusively to a water decaffeination process patented by Coffex of Switzerland but it is used more widely by coffee retailers, particularly in the US, to give their beans an image of Alpine purity.

There seems to be no agreement among coffee experts about which decaffeination process gives the best flavours and "blind tastings" have given contradictory results. "I don't think anyone has mastered the technique of preserving all the aroma and flavour of the beans," says Tony Wild. "Some of the finer flavour elements and some of the distinctions between different beans are lost in all the existing processes."

Although the manufacturers are constantly refining their techniques for removing caffeine without affecting flavour, the long-term solution may lie in biotechnology. Different varieties of coffee have different amounts of caffeine in their beans - the level is typically 1 per cent in arabica and 2 per cent in robusta coffees. It should eventually be possible by genetic engineering to produce a coffee with almost no caffeine which tastes delicious.

A digital solution to a changing language

EVERY WORD in the Oxford English Dictionary is being digitised. The move is an integral part of a programme to put the OED on computer.

"Traditionally printed dictionaries are inevitably imperfect and historical," says Adam Hodgkin, director of electronic publishing at Oxford University Press (OUP). "By the time they are published they are out of date."

He explains that the aim of the new electronic dictionary is to keep up with rapid changes in language. Although estimates vary, approximately 12,000 new words enter the English language every year. Some of them, such as asset-stripping, Catch-22, hacker or idiot-proof, could hardly have been imagined by the OED's original Victorian editors.

A special program had to be written by OUP, IBM in the UK, and the University of Waterloo in Canada, to solve the problem of combining the supplement information with the original edition. Hodgkin says that 95 per cent of the text was automatically entered by the software. The remaining 5 per cent was entered by a team of lexicographers.

The results of this labour are already available. The original OED plus the supplement information can be purchased on CD-ROM and costs £500.

The updated edition with corrections will be printed next April and should be available electronically by 1991. It is expected that the electronic dictionary will allow users to manipulate entries in novel ways. For example, dictionaries can be created which list all the words in one subject, such as aeronautics, agriculture or anatomy. A program could also be used to create regional or national dictionaries.

Paul Abrahams

Ahlan Wasahlan Hospitably.

Five-star cuisine with service to match.

At Saudia we are not content merely to offer you a delicious variety of cuisine. We take pride in the same first-class service and friendly, attentive staff.

saudia
SAUDI ARABIAN AIRLINES

Ahlan Wasahlan

Hokkaido Bank Opens in London

Sherlock Holmes, Sapporo Snow Festival

The Hokkaido Bank Ltd., based in Sapporo, Hokkaido, today proudly announces the opening of its representative office in London.

Our new London office is the newest link in a thorough network which embraces the domestic financial centres of Tokyo and Osaka, and extends overseas to New York, and now, London.

We now put our banking expertise and international experience at the disposal of customers throughout the United Kingdom. The Hokkaido Bank is here to provide new opportunities, meet new financial needs and make new friends.

The Hokkaido Bank, Ltd.

London Representative Office
125 Wood Street, London EC2V 7AQ, United Kingdom
Phone: 01-736-3657 Telex: 926949 HKDBUK Fax: 01-736-4841
Chief Representative: Koichi Tamura

Head Office: 1, Nishi 4-chome, Odori, Chuo-ku, Sapporo 060 Japan
Phone: 011-261-7111

International Division: 4-20, Nihombashi-Hongokuchō 4-chome, Chuo-ku, Tokyo 103 Japan
Phone: 03-241-3457

Telex: J 25441 DGNFOREX; 02228136 DGNEXT J

New York Branch: 527 Madison Avenue, New York, N.Y. 10022, U.S.A.
Phone: 212-688-9100

INTERNATIONAL APPOINTMENTS

COPEX
FINANCING - INVESTMENTS - MANAGEMENT

Our client, the Copez Group, is structured to meet the growing demands of sophisticated, international, financial services. This is achieved through the co-operation of specialists in Munich, W. Germany and Shannon, Ireland in the fields of

COPEX
LEASING - INVESTMENTS

COPEX
FINANCE - TRADING

COPEX
SOFTWARE - DEVELOPMENT

Having chosen to establish in Shannon, Copez International Finance & Trading Ltd. will play a key role in the Group's expansion in Europe. For both the SHANNON and MUNICH (German-speaking) offices, a number are retained to recruit a number of experienced

International Financial MARKETING EXECUTIVES

- Reporting to the Managing Director, the ideal candidates will be currently working in an international marketing capacity with a bank or financial institution.
- He/she will have direct experience of negotiating, structuring and completing substantial off-shore funding contracts. This exciting and genuinely challenging position will involve extensive international travel to develop new business opportunities.

c. £ 45,000 plus car

Candidates will be aged between 25-35 years, university graduates with at least three years' banking experience, combined with the requisite international exposure. Please send a detailed Curriculum Vitae to Larry Kelly at the following address, or phone him at 353-1-609433.

Ernst & Whinney
Management Consultants
Marine House, Clanwilliam Place, Dublin 2, Ireland

Career move to Australia...

International Futures Trader
Sydney \$\$\$Negotiable

As the Australian subsidiary of one of the U.K.'s leading Accepting Houses, our client is seeking a trader interested in dealing in international markets from its Sydney Desk. Ideally you will have a proven track record of success in futures, options and physical markets which should include risk taking. It is expected trading will initially be concentrated in the major overseas financial futures and options markets. Expansion to cover physical markets is possible and experience in U.S. treasuries, U.K. Gilts, and Japanese fixed interest markets would be well regarded although not essential.

The successful applicant will join a small, profitable team which reports directly to the Divisional Head. Salary will reflect the experience and skills of the individual.

In the strictest of confidence please contact Scott Mewling, Banking & Finance Division, Sydney, Australia on 010 612 235-1488 or forward a resume to him (quoting Ref: SM/1012) at Michael Page International, Level 19, 1 York Street, Sydney, 2000, Australia, Fax: 010 612 251-3444, or alternatively phone Nick Bennett in our London office on 01 831 2000.



Michael Page International
International Recruitment Consultants
London Amsterdam Brussels Paris Lyon Sydney

FINANCIAL ANALYST

Switzerland
SFr 100,000 net + benefits

An innovative specialist with several years' experience in the analysis and assessment of investment portfolio performance in a number of fields is sought by a major international financial organisation, based in Switzerland, which is currently developing and installing new dealing systems and related management information systems. Operating essentially in an advisory capacity, you will liaise with senior management and be responsible to the Head of the Accounts Section for devising new methods of obtaining accurate performance data and assisting in formulating new management reports to right time schedules. Probably aged around 30 with a degree or equivalent professional qualification, you will ideally have worked within a dealing-room environment and have

participated in practical funds management. You will be fully familiar with the information needed for management and the use of computerised systems to meet them. Strong interpersonal communication skills are important. Please send your detailed cv to Rory O'Brien, Ref: 2661/ROB/FT, PA Personnel Services, Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060.

PA
PA Personnel Services
Executive Recruitment - Human Resources Consultancy

Appointments

Advertising

Appears on Wednesday and Thursday
£47 s.c.c
Premium Positions
£57 s.c.c

THE HOTEL CORPORATION OF THE BAHAMAS

The Hotel Corporation of The Bahamas has immediate openings for qualified professionals, who are desirous of pursuing challenging and rewarding careers in the following areas:

DIRECTOR OF PLANNING AND DEVELOPMENT
DIRECTOR OF MARKETING AND RESORT OPERATIONS
INTERNAL AUDITOR

DIRECTOR OF PLANNING AND DEVELOPMENT

The successful candidate would be responsible to the Chief Executive Officer for project planning, research, supervision of architectural, engineering, construction and buildings staff, analysis of bids, proposals and liaison with relevant Government Agencies. Only highly qualified and experienced persons with relevant professional degrees and proven track record will be considered.

DIRECTOR OF MARKETING & RESORT OPERATIONS

He or she would be responsible to the Chief Executive Officer for monitoring the management, marketing and operation of facilities, soliciting project developers and negotiation of contracts. Only well qualified persons with a thorough knowledge and exceptional track record of all aspects of resort marketing, management and operations should apply. Applications must also possess relevant degrees.

INTERNAL AUDITOR

The successful candidate would have lateral relationship to the Financial Controller and dual reporting relationship to the Chief Executive Officer and the Budget and Audit Review Committee. The Candidates must have membership of recognised professional accounting bodies and a proven record of analytical ability and auditing in a large organisation or with a 'big eight' public accounting firm. Experience of working in the hospitality industry would be an asset.

The successful applicants would be paid salaries commensurate with their qualifications and experience, other benefits are offered.

APPLICANTS TO THE FOLLOWING POSITIONS SHOULD SEND FULL RESUMES, EVIDENCE OF QUALIFICATION, TWO WRITTEN TESTIMONIALS, INCLUDING ONE FROM PREVIOUS EMPLOYER TO:

THE CORPORATE SECRETARY
THE HOTEL CORPORATION OF THE BAHAMAS
P.O. BOX N. 9520
NASSAU THE BAHAMAS

Spanish Equity Analyst - Madrid
Neg + package

Madrid based brokerage firm require a Spanish Equity Analyst to work alongside the Equity Salesperson. Previous relevant experience is essential, preferably with a London firm of brokers, also vital is your ability to direct a team of analysts. The successful applicant will be a graduate, late 20's - early 30's with minimum of 2 - 3 years background in Spanish Equity Analysis. Obviously Spanish and other European languages will be a distinct advantage.

Manager - Group Financial Control
c.£25,000 + banking benefits and car

This major banking organisation is currently recruiting a manager to control statutory and management information reporting, and all aspects of financial reporting to the Bank of England. You will also be advising on the treasury operations of the Bank. You will be expected to review and prepare all financial reports, liaise with auditors and tax advisors, monitor and train staff and report on monthly management accounts to Management Committee.

The successful applicant will be 30-40, a qualified Chartered Accountant with previous relevant experience including that of staff management.

For more information on any of the above please contact JACKIE OSBORNE or JOANNA STEPHENSON
On 01 - 638 - 9205.

Zarak Hay
ASSOCIATES

6 Broad Street Place Blomfield Street London EC2M 7JH



HERON PROPERTIES INC

Heron has been actively engaged in property investment and development in the United States since 1980 with a total portfolio in excess of \$500m much of it retained for long term investment.

PRESIDENT AND CHIEF EXECUTIVE OFFICER

The successful candidate will be responsible to the Chairman and Chief Executive for the management of our real estate operations in the United States.

He/she must be able to demonstrate extensive experience and profit success at senior level in the US commercial property market, whether with a developer or in practice. There will be a strong emphasis on entrepreneurial flair.

The starting remuneration will reflect the seniority of the position and there will be equity participation. The position is based in New York.

Applications with a full Curriculum Vitae should be addressed to:

The Chairman & Chief Executive,
Heron International PLC
19 Marylebone Road, London NW1 5JL.

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE
No. 006825 of 1988
CHANCERY DIVISION
IN THE MATTER OF
WILLIAMS HOLDINGS PLC
- and -
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 18th November 1988 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the Share Premium Account of the above-named Company to £25,000,000.

AND NOTICE IS HEREBY GIVEN that the said Petition is directed to be heard before the Honorable Mr. Justice Hoffmann at the Royal Courts of Justice, Strand, London WC2A 2LL, on Monday the 12th December 1988.

Any creditor or shareholder of the said company desiring to oppose the making of an Order for the confirmation of the said reduction of Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the regulated charge for the same.

DATED the 28th day of November 1988
Slaughter and May,
25, Abchurch Lane,
London, EC4N 3DB.

Ref: T07/FW/1988
Solicitors for the said Company

UNITED NATIONS ENVIRONMENT PROGRAMME

Invites applications from highly qualified and experienced communications professionals for a broad range of vacancies in Information and Public Affairs. Fluency in English is essential. Please send resume before 31 December 1988, to:
UNEP, Recruitment Unit,
P O Box 30552, Nairobi, Kenya.

Due to rapid expansion, a leading continental Deposit Broker is seeking

1 Senior Deposit/FRA Broker

with at least two years experience in the Deposit/FRA market. Applicants should be ambitious and highly motivated. Knowledge of the German language would be advantageous. In return we are offering an extensive and competitive package.

To broaden our base we are also offering an opportunity for

1 Junior Deposit/Link Broker

with approximately 1 years experience in the industry or related fields, to be trained in one of the foremost Deposit teams in Europe.

Written applications with CV, which will be treated in strict confidence, to Mr. Horst Weil, Bierbaum & Co. Depot GmbH, Stephanstr. 3, 6000 Frankfurt 1, Tel. (49) 291058

INTERNATIONAL BANKING/CAPITAL MARKETS
Based in La Paz, Bolivia

2-yr effort to strengthen financial markets. Long-term specialists needed in:

- setting up securities exchange,
- developing bank and business associations,
- developing policies and lobbying activities for private sector interests.

Short-term specialists also needed in above and bank training, MIS, public relations. 10 yrs experience and MBA/MS or PhD necessary. Fluent Spanish/English. Respond by December 2 to Ann Hamilton, 2000 M St., NW #200, Washington, DC 20036. Fax: 302/331-6302.

010100000110010101110010
011001100110010101100011
011101000010000001100011
011011110110111001101110
011001010110001101110100
011010010110111101101110
011100110010000001100100
011011110110111000100111
011101000010000001101000
011000010111011001100101
001000000111010001101111
001000000110001001100101
001000000110001101101111
011011010111000001101100
011010010110001101100001
011101000110010101100100

Perfect connections don't have to be complicated. The binary code was a crucial invention for data processing. By combining just two digits in many different ways, the most varied of information can be displayed. And of course, the more communications depend on this language, the more vital are the systems used.

The result of our developments in communications have brought us recognition world-wide. Olympia developed innovative office technology. AEG has become a market leader in information and communications technology with its work in designing OCR systems and trunking radio networks,

for example. Now we have combined the strengths of these divisions in a powerful new force - AEG Olympia.

With the formation of AEG Olympia, we're responding to the challenge of overlapping technologies and markets. Customers expect problem-free solutions and system component compatibility from one source.

We'll be meeting these requirements with a comprehensive range of products and systems. Key items on which we're concentrating include word processing and communications, microprocessors and multi-function workstations. In this programme, special priority will be given to

offering closed-loop systems and application-specific workstation schemes.

Our objective is to increase our selection of products and systems still further. To ensure that you have the best possible solutions for your communications needs.

Olympia Business Machines Co. Ltd.
 199/205 Old Marylebone Road · London
 NW1 5QS · Tel. (01) 262 6788

AEG
OLYMPIA

Handwritten signature or mark.

BRACKEN HOUSE, 11 ANNON STREET, LONDON EC4A 3DF

End of the honeymoon

THE LONG honeymoon that began with election victory...

Today the Government is less certain of its supporters in the Commons...

Shouldering blame As he himself admitted in the House of Commons yesterday...

to itself, the prescription of high interest rates should eventually cool the economy and exert downward pressure on inflation.

Enhanced reputation

Mr Lawson's Labour opponent, Mr Gordon Brown, made the most of a less difficult task...

Reaganomics warned over

THE MOST striking feature of the noises coming from Washington, notably from Mr Nicholas Brady, the Treasury Secretary...

tor) has been rising ominously towards around 5 per cent a year.

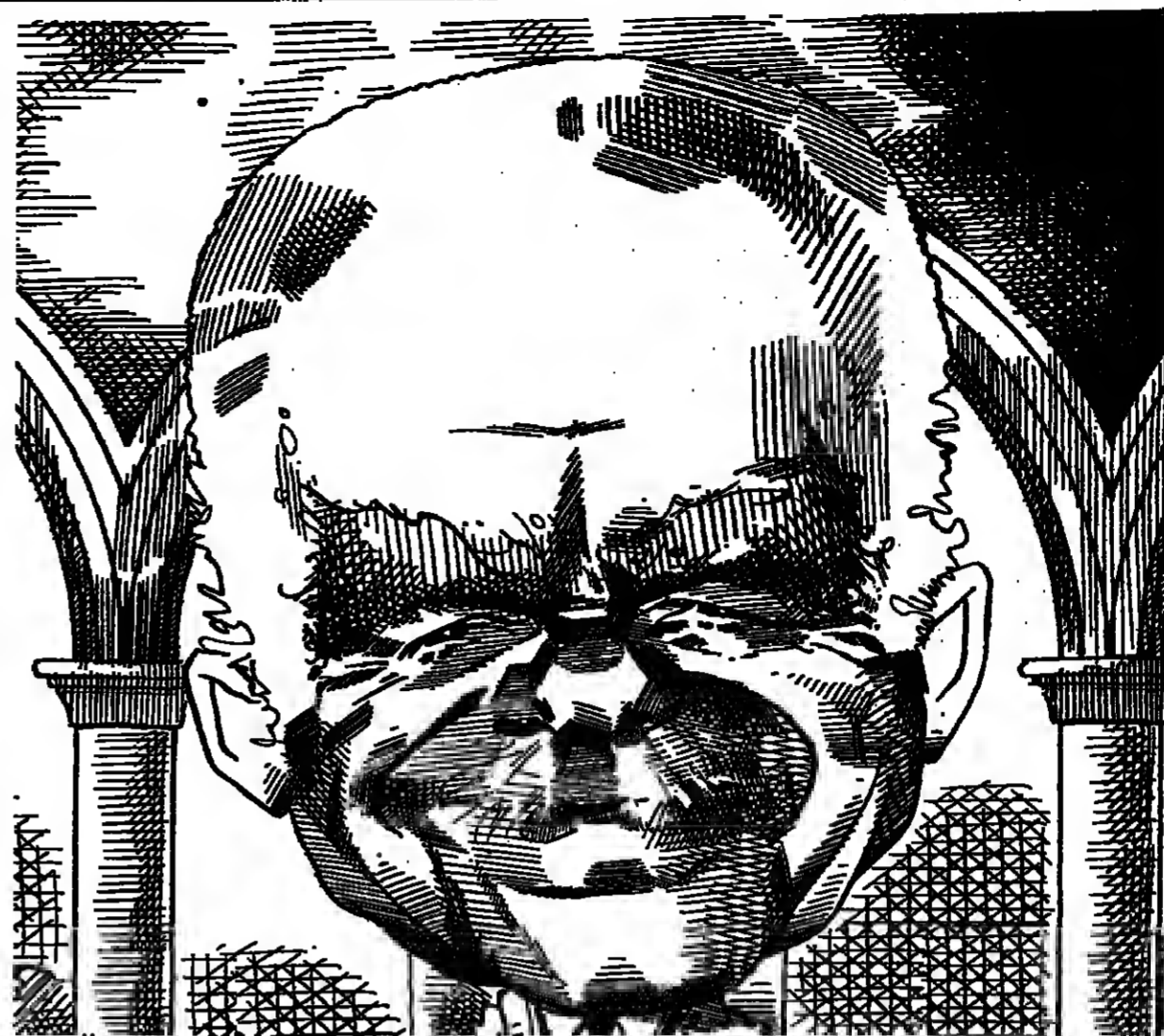
Renewed inflation

In practice, this is most unlikely, largely because of the concern about renewed inflation that has led to tightening of monetary policy worldwide since the spring.

Ambitious programme

When Mr Reagan became President he had an ambitious programme of economic reform...

Four weeks after another inconclusive general election - its second since 1981 - Israel has little to be satisfied about...



Choosing his partners: Yitzhak Shamir, Israel's Prime Minister-designate

Where none of the options are easy

Andrew Whitley looks at the difficulties facing Israel as its leaders struggle to agree on a new coalition

workable parliamentary majority, Mr Shamir, has found pitfalls wherever he turned.

communities fleeing their new political muscle for the second time in a decade - the first was in 1977, when the Likud brought the Sephardi (Oriental) Jews in from the political cold.

after the frequent coalition crises of the past four years, of all the combinations of political groupings available to the Likud leader, his strong preference is for another broad coalition with the centre-left Labour Alignment...

So like the Tories

Everyone was on parade yesterday in the Supreme Court for the big debate on changing the constitution...

OBSERVER

BL United

While paying warm tribute to his predecessor, Sir Michael Edwards, the incoming chairman, Ray Horrocks, said yesterday that divisional chief executive Harold Musgrove will join the group Board on January 1.

Another Trump

Ivana Trump, wife of Donald, was in London yesterday talking about what she and her husband intend to do with The Plaza, New York.



And this is from his 'dedicated to be sold to the Japanese' period.

Hanging matter

After decking its windows with festive finery, Mitsukoshi, the Japanese luxury department store, has set Tokyo alight with a real Christmas mystery story.

With knobs on

Sofitel, the French hotel group, is preparing for the challenges of 1992. A note on the bill that comes with room service reads: 'Afin d'éviter toute erreur de notre part, nous vous remercions d'avoir l'amabilité de bien vouloir signer votre commande.'

Burb-Burb. Burb-Burb. Burb-Burb. Burb-Burb. Burb-Burb.

Are customers hanging on, then hanging up? A phone call, is often the first impression a customer gets of your company. What impression do you give? Are you continually engaged, because you've too few lines? Is your switchboard slow to pick up calls? Are personal calls blocking customer calls? The solution to all these problems is a Claire call management system from Communication Control.

Handwritten signature or scribble at the bottom of the page.

Chesterton logo and address: 54 Brook Street London W1A 2BU

FINANCIAL TIMES

Wednesday November 30 1988

Balfour Beatty logo and contact info: 0932-231055

Thatcher attacks failure to extradite priest

By Charles Hodgson in London and Kieran Cooke in Dublin

MRS Margaret Thatcher, the UK Prime Minister, yesterday launched a scathing attack on the Irish and Belgian Governments over the failure to extradite Father Patrick Ryan, the Irish priest wanted in Britain for alleged terrorist offences.

The Irish Government said that the case was now in the hands of Mr John Murray, the Irish Attorney General. Under new Irish extradition legislation Mr Murray must first examine complex British extradition documents on Fr Ryan before allowing the case to proceed to court.

Mr Gerry Collins, the Irish Minister for Justice, told the Dail that the Ryan case, which was discussed yesterday by the Irish cabinet, was complex and it would take some time before the Irish Attorney General decided whether to go ahead with extradition proceedings.

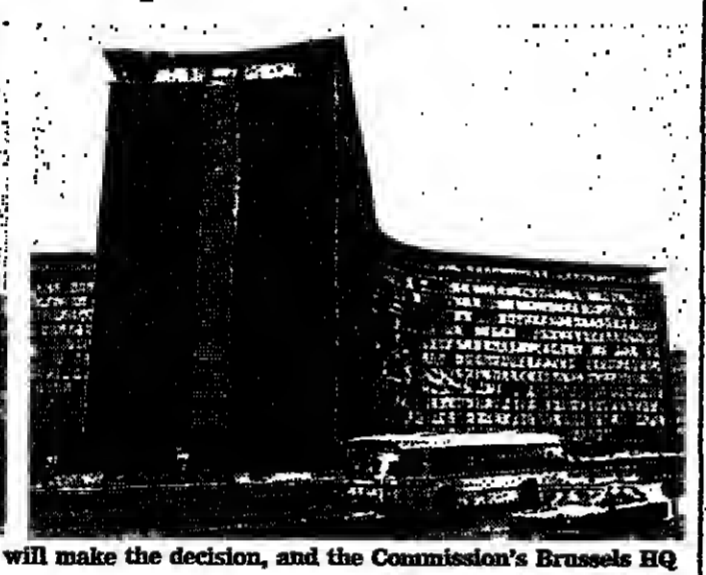
European egos put on the line

David Buchan looks at the likely makeup of the new Commission

MR JACQUES DELORS will be very wary of prime ministers trying to collar him for a little courtship that marks the European summit in Rhodes this weekend. For the odds are they will want to bend his ear on getting the best jobs for their nominees to the new European Commission which takes office in January.



Jacques Delors (left), who will make the decision, and the Commission's Brussels HQ



Jacques Delors (left), who will make the decision, and the Commission's Brussels HQ

This quadrennial game of political musical chairs - or le vaude des portefeuilles as Mr Delors terms it - is tricky at the best of times. But Mr Delors has made it more complicated by his decree that no job should stay the preserve of an individual or country.

Mr Abel Matutes (Spain) wants this job, which might well encompass handling new applications by countries to join the Community. There is also the development dossier which entails renegotiating the Lomé aid convention next year.

Mr Martin Bangemann, the former West German Economy Minister, seems sure to inherit the weighty internal market mantle of Lord Cockfield, more, it seems, in his country's right than in his own. By national origin and party affiliation (FDP), he would probably seek to sustain the Cockfield de-regulatory momentum.

However, the internal market dossier may be shorn of certain areas (perhaps tax and financial services) in Mr Delors' desire to rationalise overlapping economic portfolios.

For instance, Mr Henning Christophersen, a former Danish Finance Minister, looks likely to move from budget to a more economic dossier that will also take monetary affairs away from Mr Delors himself.

By far the biggest of the "vertical" dossiers is agriculture, still accounting for more than half EC spending and hitherto held almost without

harm in the Gatt trade talks. Tenancy of the minor external jobs is less clear. A portfolio dealing with Mediterranean policy and North-South issues was specially tailored four years ago to accommodate the departing Mr Claude Cheysson, the former French Foreign Minister.

Mr Peter Sutherland gave competition, Mr Brittan will have to settle for less than his first choice of internal market. Getting his second choice will put him in charge of competition policy, one of the few Commission activities that will not bring him into general conflict with the Thatcher Government.

However, despite the higher profile that the departing Mr Peter Sutherland gave competition, Mr Brittan will have to settle for less than his first choice of internal market.

Mr Leon Brittan (UK) will have to settle for less than his first choice of internal market. Getting his second choice will put him in charge of competition policy, one of the few Commission activities that will not bring him into general conflict with the Thatcher Government.

Mr Delors will have to settle for less than his first choice of internal market. Getting his second choice will put him in charge of competition policy, one of the few Commission activities that will not bring him into general conflict with the Thatcher Government.

Mr Delors will have to settle for less than his first choice of internal market. Getting his second choice will put him in charge of competition policy, one of the few Commission activities that will not bring him into general conflict with the Thatcher Government.

Lawson fights his corner

Last week's painful rise in interest rates may have made Mr Nigel Lawson look underestimating of his recent Thatcher award for Best Chancellor on Record, but according to his skilful speech to the Commons yesterday everything is well under control. By making so much of inflation and so little of the current account, he has selected a problem which is arguably not of his making and not acute at present, and concluded that both economic health and policy are hunky-dory.

Allied Lyons logo and share price chart

Mr Bond out of pocket when it came to Lomiro; but the panicky of Mr Bond's finances is not exactly news to the market, which has never quite been able to see how he would find a bid for Lomiro anyway. That has not stilled speculation over a bid up to now, and it did nothing to stop it yesterday either - no more, it seems, than did Lomiro's recent row through the horrors of Bond group borrowings.

EC envoy repeats opposition to US farm subsidy plan

By Peter Montagnon and Bridget Bloom in London

THE European Community will maintain its opposition to US demands for the long-term abolition of farm subsidies at next week's trade ministers' meeting in Montreal, Mr Frans Andriessen, EC Farm Commissioner, said in London yesterday.

The US was asking for a zero-option on farm reform which Europe could not accept, he told a press briefing.

"The agriculture industry in the EC would be completely exposed to all that is happening in the world market," if an end to subsidies was accepted, he said. That would raise political, social, financial and economic problems which Europe could not overcome.

Mr Andriessen's remarks appeared to confirm growing concern in the international trade community that the Montreal meeting might fail to reach a deal on agricultural issues which many regard as necessary to give a fresh impetus to the Uruguay round of multilateral trade liberalisation negotiations.

The Commissioner sought during the briefing to portray the US as isolated in its demand for a zero-option and cautioned against the view that Montreal offered a last chance to resolve the issue.

"Even if we can't agree in Montreal, that doesn't mean the negotiations would be a failure," he said.

Mr Andriessen drew attention to the US farm surpluses in recent years as well as to the real cut of 25 per cent in European cereals prices.

"There is no reason to argue that we are not credible in our own right," he said. The US had been intensifying its support for agriculture just as the EC had been reducing it.

A zero-option for farm subsidies was not part of the agenda for the talks ahead two years ago in Punta del Este, Uruguay. "We didn't agree that in Punta and we will not agree in the mid-term review of the Uruguay Round in Montreal," he said.

Mr Andriessen said he had been pleased to learn that Australia, a leading member of the so-called Cairns group of independent farm exporters, was now prepared to take a more flexible view of the long-term goals for farm reform.

Concern over Plessey bid

Continued from Page 1

Thomson of France, both of which have been mentioned as possible purchasers. Plessey has been discussing potential areas of collaboration with the French group for some time.

Gorbachev pledge on republics

Continued from Page 1

president of the presidium of the Estonian Supreme Soviet, hinted that agreement might be possible on the revised draft, although he insisted that he had yet to see the text of the planned amendments.

republics was that they tilted the balance within the USSR further in favour of central authority, by giving the new Congress of Deputies exclusive powers over key questions such as the "composition" of the Soviet Union, and the definition of its internal as well as external borders. They were also angry at specific powers to set guidelines for the economies of the republics, which are pressing for far more economic autonomy from Moscow.

Mr Gorbachev has laid down clear limits on the extent of devolution he is prepared to countenance - refusing to accept Estonia's demand to control its own natural resources, for example. But he also appears to have recognised the popular strength of resentment at Moscow's

Lawson defends rates rise

Continued from Page 1

cellar was more relevant than whether his policies would succeed. Tempers frayed as MPs on both sides engaged in concerted campaigns to disrupt opposing speakers in the debate. Mr Tim Yeo, the Conservative MP for Southold, was ordered by the Speaker to retract a suggestion that Mr Brown had sought in the past to alter the official record of the Commons.

Government ministers complained that the Labour leadership had themselves led a campaign on the opposition benches to disrupt the Chancellor. Sir William Clark, chairman of the Conservative backbench finance committee, said that Mr Lawson had been "absolutely right" to raise interest rates to 13 per cent. Previous rate rises had started to slow consumer spending and the latest increase would take time to work through the pipeline.

In a withering attack on the Government's economic strategy, Mr Edward Heath, the former Prime Minister, criticised the Chancellor for playing down the severity of the economic problems facing the country. He said the situation was "critical" and that the public should be prepared for the difficulties ahead.

HK Telecom

The real success of the HK\$4bn HK Telecom issue cannot be judged until the shares resume trading later this week, but at least Cable & Wireless and the Hong Kong Government should be reasonably well satisfied. Helped by surprisingly robust local demand, they have been able to increase the size of the issue by more than 10 per cent, and while HK\$4.65 per share may look cheap by comparison with HK Telecom's peak of HK\$3.60, it is still being sold on a prospective multiple of 14 - some 40 per cent above the market.

Bond Corp

What the markets know about Mr Alan Bond's intentions tends to depend on which time zone they happen to be located in. A story which started life yesterday in Perth as a firm bid by Bond Corp for Tezaco Canada had become no more than a preliminary expression of interest by afternoon in New York. The figures involved turn out to be even more flexible than the newspaper news, on the principle that not even Mr Bond's bankers think he is a suitable person to own both C\$5bn worth of Canadian oil and £2bn worth of African gold. But the stock soon recovered its spirits. True, bidding for Tezaco Canada would leave

Hambros

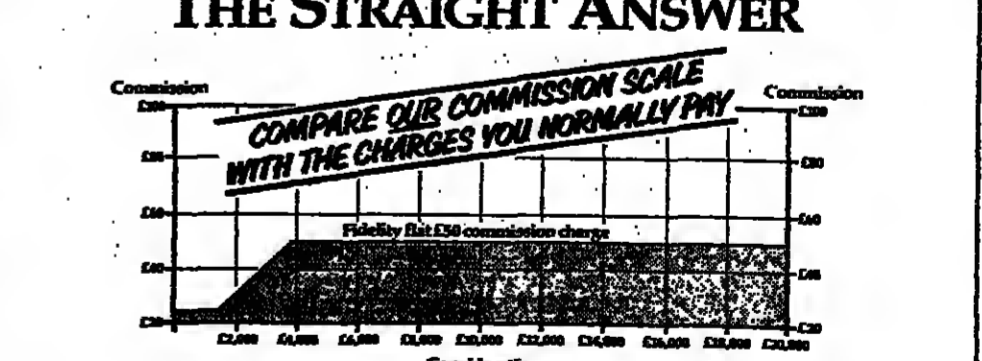
It is beginning to look as if Hambros' leap into the UK estate agency business is as questionable as its rivals' bids to become fully integrated securities houses. For a few months after the crash it seemed to have been a brilliant move, but after the recent sharp rise in UK interest rates Hambro Countrywide - its quoted estate agency business - is suffering from similar sorts of problems to S.G. Warburg, Kleinwort Benson and Morgan Grenfell. Hambros is taking the care to overcautions, and is hopeful that house sale volume will soon recover; but it is by no means assured that Hambro Countrywide will eventually turn out another moneyspinner like Hambro Life.

Table titled 'WORLD WEATHER' showing weather conditions for various cities.

Lawson defends rates rise

Continued from Page 1

FOR EXPERIENCED PRIVATE CLIENTS. EXECUTION ONLY STOCKBROKING - THE STRAIGHT ANSWER



If you are an active investor and know your own mind, ask yourself a straight question. Are you paying more in commission charges than you need? The straight answer is that with a once-only joining fee of £25 and a flat commission rate of £50 for all deals between £4,000 and £20,000, Fidelity could substantially reduce the commission you pay on execution-only share deals.

Fidelity Share Service application form with fields for name, address, and contact details.

FINANCIAL TIMES COMPANIES & MARKETS

Wednesday November 30 1988

OCS CLEANING - SECURITY - REPAIRS - HYGIENE OFFICE CLEANING SERVICES LTD...

KIER CHANGING THE FACE OF CONSTRUCTION

INSIDE

Australian insurer makes the jump

UK insurance groups are witnessing the arrival of a new Australian force on the local scene. After some controversy, Australian Mutual Provident Society is to merge with London Life Assurance...

Japanese car group revs up for sales drive into Europe

Nissan, Europe's leading Japanese car manufacturer, aims to increase its car and commercial vehicle sales in Western Europe by some 20 per cent during the next five years to more than 600,000 units...

Elliott consolidates stake in Hong Kong investment group

John Elliott, (left) who controls the Elders brewing empire, became the second Australian entrepreneur within a month to announce he is to buy out his minority shareholders in a Hong Kong company...

Bank of France spots of age

The Bank of France has spent most of the last two centuries firmly enclosed within its stout walls in the heart of Paris. But it is about to embark on its first strategic plan since its foundation in 1800...

EC set to pull plug on wine lake

The "wine lake" may not be the EC's biggest problem, but over the years it has been one of the most stubborn. Undaunted by previous attempts, the Commission is making fresh efforts to bring production into line with demand...

Bond Corporation enters auction for Texaco Canada

By David Waller in London and David Owen in Toronto

MR ALAN BOND, the Australian entrepreneur whose business interests range from brewing to mining, yesterday declared himself a prospective bidder for Texaco Canada, Canada's fourth largest oil producer and a 78 per cent subsidiary of Texaco, the US oil giant...

templating such a diversification at a time when he is widely believed to be limbering up for a bid for Lonrho, the London-based trading group in which he has a 21.5 per cent stake...

was not disclosed, but the stake was valued at approximately £15m (\$27.8m) at yesterday's closing price. Some analysts suggested that Mr Bond's involvement in the tendering process had been deliberately leaked to take the heat out of Lonrho shares...

Joint venture sheds light on GEC and Siemens Clay Harris on Anglo-German co-operation

From the windows of Colditz, faded remnants of Second World War camouflage are still discernible on a building across the way. Locals rarely fail to point out the faint markings to visiting Germans...



Anglo-German accord: Klaus Kerkhahn, chief executive of Siemens (left) and Lord Weinstein, managing director of GEC, announce the bid for Plessey

The partners now have larger prey in their sights, their joint takeover bid for Plessey, valued at £1.7bn (\$3.1bn). When they launched the offer earlier this month, GEC and Siemens outlined plans to follow a takeover of Plessey with the creation of international joint ventures in sectors such as defence electronics and telecommunications...

worldwide with Osram or Philips, for domination of the global lighting market. It would be misleading, however, to interpret the 1986 deal as an exchange of British marketing expertise for German technical knowledge...

where orders were being taken on paper only eight months ago. Perhaps most importantly, the arrival of the Germans has shaken Osram-GEC out of any sense of complacency. The new prominence for the name Osram has been a tonic for morale...

UK % market shares for light sources table with columns for company and percentage.

Co-operation between Osram-GEC and Osram, Siemens' wholly-owned West German-based lighting bulb subsidiary, has ranged across the visible spectrum. They have co-ordinated their approaches to research and development, product ranges, manufacturing and marketing...

responsibility for development of high-pressure SON lamps. This reciprocity has allayed fears that Osram-GEC was to become merely a UK sales outlet for German manufacturing. In fact, UK employment has been steady at between 2,800 and 2,900 since 1986...

As a result, Siemens Lighting continues to compete head-on in the UK fittings market with Osram-GEC, in stark contrast to the co-operation which has been achieved on light sources. It may be significant that both companies have stopped stamping their names on to components. This would allow the same fittings to be sold under more than one brand...

Chloride plans to sell loss-making car battery operation

By Andrew Hill in London

CHLORIDE is planning to dispose of its loss-making automotive battery operation in continental Europe and the UK, once the core of the UK electrical energy group, in a move which analysts believe could improve the group's image...

At the same time, Chloride named Mr Ray Horrocks to succeed Sir Michael Edwards as non-executive chairman, and revealed a 24 per cent improvement in pre-tax profits to £7.7m in the six months to September 30...

Mr Peter Regnier, Chloride's finance director and another former executive, gave three reasons for the sale. The European industry is inefficient and in need of consolidation, especially with 1992 approaching...

Chinese provincial agency to acquire HK Telecom stake

By John Elliott in Hong Kong

A TRUST fund, set up to help finance the Chinese provincial government which will take control of Hong Kong from the UK in 1997, is to take a stake in Hong Kong Telecommunications by acquiring over 5 per cent of a HK\$4bn (\$815m) share placement and offer for sale due to be announced in detail by the company tomorrow...

The details will show that the total placement involves 877.5m shares at HK\$4.55 each, 11 per cent more than the original price of \$5.10 announced earlier this month. The shares are being offered by Cable and Wireless of the UK, which controls the company, and the Hong Kong government...

LIT Holdings to buy Johnson Fry for £24m

By Nikki Tait in London

LIT Holdings, the acquisitive London-based future and options brokerage, is stepping up its financial services side with the acquisition of Johnson Fry, best known for its active role as a Business Expansion Scheme sponsor...

Since then it has made several acquisitions on the broader financial services side - including Jersey General Investment Trust, for about £50m, fund management groups Asset Trust for £14m and Ashburton Trust for up to £2m...

Market Statistics table with columns for item and value.

Companies in this section table listing various companies and their market values.

Chief price changes yesterday table showing price movements for various stocks.

LONDON (Pence) table showing price changes for various stocks.

Advertisement for N M Rothschild & Sons Limited, featuring a decision table and contact information for South Wales East Wales.

INTERNATIONAL COMPANIES AND FINANCE

Cuomo urges NY pension fund to halt LBO funding

By James Buchan in New York

GOVERNOR Mario Cuomo of New York has asked the state's huge pension fund to stop investing in company takeovers amid spreading uneasiness over the bout of Wall Street deal-making.

In a statement published late on Monday, Governor Cuomo said he had asked the sole trustee of the \$36bn state Common Retirement Fund to stop investing in Wall Street "war chests" for takeovers and buy-outs while a special 20-man task force of business, labour and Wall Street leaders examined the takeover business.

The move is significant because New York, with more than \$100bn deployed in the financial markets by three state pension funds, could influence other big state administrations.

The announcement is the latest and most important sign of growing political revulsion at Wall Street's increasingly ambitious and leveraged takeover deals, culminating in this month's \$20bn battle to buy and break up RJR Nabisco, the foods and tobacco group.

The Common Fund is believed to have more than \$100m invested with one of the proposed takeover bids for the group.

Ten days ago, the third largest private-sector investing institution in the US, the Metropolitan Life insurance company, sued RJR's management for launching their proposal to buy out public stockholders in a leveraged buy-out.

About two-thirds of the US stock market is owned by professional institutions, including state and private sector

pension funds, insurance companies and mutual funds.

Mr Lee Smith, a Cuomo economic adviser and director of the new task force, said the Common Fund had \$1.1bn invested in special funds designed to provide equity capital for managements to buy out their companies. He said the bulk of the investment was with Kohlberg Kravis Roberts, one of the Wall Street bidders for RJR.

The other two funds were not invested in leveraged buy-out funds, he added.

Comptroller Edward Regan, the trustee of the fund which provides pension for all state employees except teachers, did not comment on the call for a moratorium but said the "idea of looking into the investment of pension funds in LBOs is certainly interesting."

US thrifts face tough rules on capital

By Anatole Kalotzky in New York

IN A new move to gain control over the growing crisis in the US mortgage banking industry, the Federal Home Loan Bank Board has proposed doubling the capital requirements for savings and loan institutions.

The board also said it would seek unprecedented emergency powers to oust managements from still-solvent institutions if these were deemed to be "unsafe and unsound."

The proposals, presented at a meeting of the board in Washington on Monday, would introduce to the thrift industry risk-adjusted capital requirements similar to those recently imposed on the banking industry as part of the international process co-ordinated by the Bank for International Settlements.

Under the plan, each thrift's capital would have to be increased to 8 per cent of risk-adjusted assets by a deadline which has not yet been fixed.

Thrifts are supposed to maintain capital equivalent to 3 per cent of assets acquired before 1987 plus 6 per cent of assets acquired since then.

In addition to raising capital requirements, the proposals would also for the first time take account of the varying risks of thrift assets.

Capital requirements would be increased for assets subject to interest-rate risk, such as fixed-rate loans funded by floating-rate deposits.

Home mortgages would have to be backed by only half as much capital as commercial mortgages. But equity investments in real estate would require three times as much capital as commercial loans.

While the new capital rules would be at best a long-term response to the industry's problems, the FHLEBB is also to seek new powers to deal with badly-managed institutions.

The board has the right to replace managers and force mergers or closures at insolvent institutions, but it wants to extend these powers to "unsafe and unsound" thrifts, defined as institutions where capital falls below 1.5 per cent of total assets.

Nissan steers bold course in Europe

Kevin Done on the Japanese car maker's determination to lift sales

Nissan, the Japanese automotive group, is aiming to increase its car and commercial vehicle sales in West Europe by about 20 per cent during the next five years. The group is the leading Japanese car maker in Europe.

This year it expects to sell 338,000 cars, compared with 269,000 units in 1987, taking its share of the West European car market to about 5 per cent, and 104,000 commercial vehicles.

Nissan is also planning to establish a new European headquarters to co-ordinate its European sales and marketing operations, help establish a common brand image throughout Europe and strengthen the sales and service network.

Mr Ian Gibson, deputy managing director of Nissan Motor Manufacturing (UK), said yesterday.

More than half of Nissan's projected European vehicle sales of 600,000 units in the early 1990s would be sourced from its UK and Spanish manufacturing plants, he said.

Increased European sourcing would help shield the company from the impact of a further yen appreciation.

Nissan is the most multinational of the Japanese automotive groups and is the only Japanese vehicle maker to have established a substantial manufacturing presence in West Europe. It has car assembly plants in the UK and commercial vehicle manufacturing in Spain.

Mr Gibson said Nissan was seeking to establish a "fully integrated motor vehicle operation in Europe" with design, manufacturing, sales and service.

Sales and marketing were currently undertaken by a series of largely unco-ordinated, national importers and distributors in Europe.

The company wanted to establish one sales and marketing base in Europe, however, with the transfer to Europe of sales and marketing research functions now being carried out in Japan.

Nissan was aiming to achieve much of its future European sales growth in the car markets of southern Europe, Italy, France, Spain and Portugal, which have been closed or severely restricted to direct Japanese imports.

In 1982 it would begin manufacturing in the UK its second model line, a Micra-class supermini, selected specifically to enable it to attack the predominantly small car southern European market from a manufacturing location within the European Community.



Mr Gibson seeking a fully integrated European operation

After several troubled years, Nissan's Spanish-based commercial vehicle operations have staged a strong recovery.

Production is expected to exceed 70,000 units this year, a 32 per cent jump following an increase of 20 per cent in 1987, when output totalled 53,000 units.

Pre-tax profits are expected to more than triple from Ptas2.34m (\$20.6m) in 1987 and a loss of Ptas5.6m in 1986.

NMDUK, the UK car manufacturing operation, is not expected to achieve a net profit until 1993, when it will achieve full production of about 200,000 units a year.

American joins Air NZ bidding

By Michael Donne, Aerospace Correspondent

AMERICAN Airlines, owned by AMR Corporation of the US, and Japan Air Lines, one of the biggest airlines in the Far East, have joined the consortium of Brierley Investments (BIL) and Qantas of Australia in bidding for Air New Zealand.

Air NZ has been offered for sale by the New Zealand Government. It has stipulated that 65 per cent of the airline should remain in New Zealand hands, and only 35 per cent with foreign organisations.

The prospective privatisation is part of the Government's plan to liquidate assets to pay off foreign debts.

BIL, which is the main investment vehicle of Sir Ron-

ald Brierley, the New Zealand financier, and Qantas announced their plan to bid for Air NZ last week.

They were quickly followed by another consortium comprising British Airways, DFC New Zealand, an investment bank now owned by National Provident Fund of New Zealand, and EIB Development, a Japanese investment company specialising in tourism.

BIL and Qantas said yesterday that American and JAL were each seeking up to 7.5 per cent of Air NZ, and Qantas 19.9 per cent, so the New Zealand Government's rule that only 35 per cent should end up in foreign hands would be adhered to.

BIL has also said that it would hold only 35 per cent of the Air NZ shares, and that the remainder would go to the public and airline staff in New Zealand.

Neither of the two groups has given financial details of their offers.

JAL is already linked with Qantas in a new computer reservations group called Fantasia. JAL said it hoped to strengthen its operations throughout the Pacific islands region as a result of the prospective link with Air NZ.

The New Zealand Government is expected to decide on the matter before the end of the year.

Reebok in further warning of decline

REEBOK International, the US sports shoes group in which Pentland Industries of the UK has a 32 per cent stake, yesterday issued a further warning of a decline in full-year earnings, Our Financial Staff writes.

The group, which has been suffering from depressed margins in a highly competitive market, expects net income for

1988 to be between \$1.15 and \$1.30 a share, down from \$1.49 a share last year, largely because two divisions are not performing to plan.

The latest forecast for full-year earnings is about 25 cents lower than the prediction it made in September.

Mr Paul Fireman, Reebok's chairman and chief executive, said: "Sales of Reebok brand

footwear remain strong and will meet the expected growth rate of 15 per cent for 1988. Sales at the Rockport and Avia divisions are above prior year levels, but they are substantially below plan, as are their earnings.

"This is the principal reason for net income being below the \$1.40 to \$1.45 range anticipated in September."

Himont income surges 64%

By Alan Friedman in Milan

HIMONT, the polypropylene subsidiary of Italy's Ferruzzi-Montedison group, yesterday reported a 64 per cent jump in net profit for the year to October 31.

The company lifted the figure to \$372.9m, compared with \$226.9m last year, on total sales of \$1.71bn, up 46 per cent on the previous year's \$1.17bn.

Himont, which is quoted on the New York Stock Exchange, is 82 per cent owned by Montedison.

It was formed originally as a joint venture between Montedison and Hercules and is the world leader in polypropylene production, claiming a 20 per cent share of the international market.

Himont said its operating profits for the year rose by 69 per cent to \$325.6m.

Mr Alexander Giacco, the Himont chairman who was appointed earlier this year as chief executive of Montedison, said in Milan yesterday that he was planning investments of \$1.5bn between now and 1992 which could generate revenues of more than \$4bn.

Mr Giacco was at pains yesterday to praise Mr Mario Schimberni, the former Montedison chairman who was ousted a year ago by Mr Paul Gardini, the head of the Ferruzzi group which controls Montedison.

Mr Schimberni bought control of Himont during 1987.

Mr Enrico Randone, chairman of Italy's Assicurazioni Generali, said yesterday he remained interested in France's Compagnie du Midi and in possibly "transforming it into a grand insurance enterprise with a grand international vocation."

Mr Randone said that Gen-

erally owned 16 per cent of Midi (together with Mediobanca and Lazard Frères), but that for the moment Generali was writing to see how the dispute between Mr Bernard Pagery, chairman of Midi, and Mr Claude Beber, chairman of Axa (with 28.5 per cent of Midi) shapes up.

It will only be after Generali sees how the battle between the leaders of Midi and Axa is resolved that Mr Randone will act.

Mr Randone also described as "fantasy finance" the speculation swirling about the Milan bourse which would have either Japanese investors buying up shares in Generali or a move by existing shareholders, such as Mediobanca and Lazard Frères, acting to increase their stakes.

Investcorp arranges sale of boat companies

By Our Financial Staff

TWO SPECIALIST power boat companies have changed hands as a result of deals arranged by Investcorp, the Bahrain-based bank which invests in leading North American and European brand names.

Investcorp, which had become involved as part of earlier management buy-outs, did not disclose a price on the disposals.

The Miami-based Bertram-Trojan, the larger of the two companies with \$127m revenues, has been bought by an investor group led by G.L. Ohlstrom & Co of New York.

Cantieri Riva, the Sanico-headquartered maker of luxury speedboats and motor yachts, has been acquired by Schroder Wagg.

80% of our readers are senior executives/self-employed

Why do they read Handelsblatt?

Because it features the best of business and financial news. Not only from Germany but from all over the world. And nothing else. There's not even a crossword to break the pattern. But when it comes to business, it can't be beaten for depth of coverage. Handelsblatt is Germany's only national business and financial daily paper.

It's become required reading for top businessmen and those who advise them.

Required too for advertising by a host of "blue chip" international companies. In mono and in colour.

*Source: LAE 88 - The German National Decision-Making Partnership Survey.

Please contact: Brian Howard/James Colquhoun, Handelsblatt, London International Press Centre, 78 Shoe Lane, London EC4A 3UB, Tel: (01) 353775/6, or Bob Egan, International Ad Manager, Handelsblatt GmbH, Kaiserstrasse 67, D-4000 Düsseldorf, Tel: (0211) 6386220

SEND ME MEDIA PACK (SPECIMEN COPY)

NAME _____

ADDRESS _____

Handelsblatt

FOR BUSINESS IT'S THE DEUTSCH CHOICE

and everyone else's

This announcement appears as a matter of record only.

Blue Circle Industries PLC
(Incorporated with limited liability in England)

Issue of

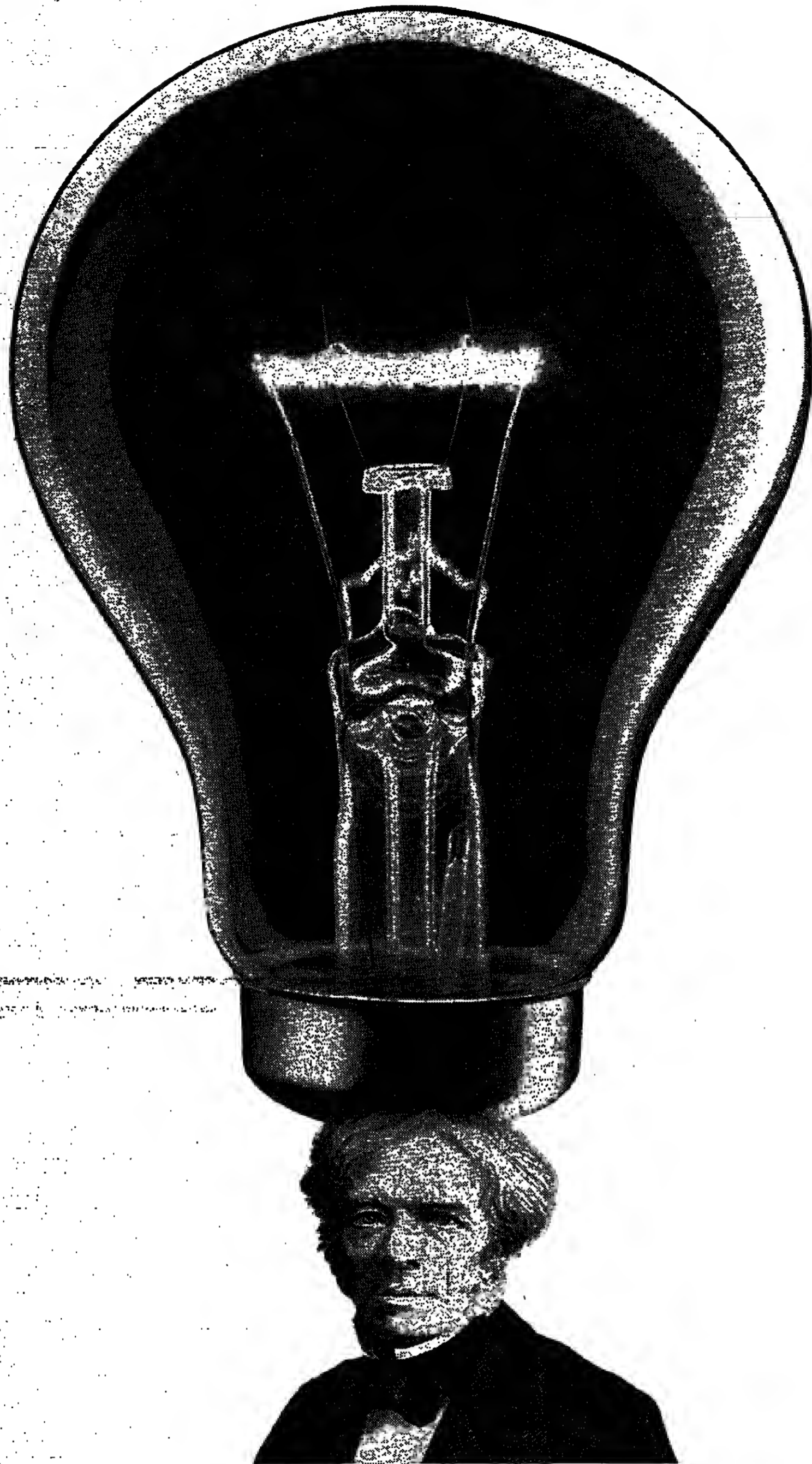
£ 150,000,000

10¾ per cent. Bonds Due 2013

Issue Price 99¼ per cent.

Baring Brothers & Co., Limited
Security Pacific Hoare Govett Limited

November, 1988



Mr. Faraday's idea was bigger than he knew.

Making electricity is simple, as Michael Faraday taught us in 1831. If you keep spinning a copper disc inside a magnet, you'll generate a continuous supply.

Generating enough electricity, on the other hand, has created one of the biggest businesses in Britain, with assets of around £25 billion.

Our turnover last year was more than £8 billion, our trading profit £590 million. We still use magnets and copper. But on a massive scale, 24 hours a day, 365 days a year.

And we use good old steam power to turn most of our turbines. But to get up a sufficient head of steam we need a massive fuel supply.

Our annual fuel bill is over £4 billion, more than half our total costs. So keeping fuel costs down is clearly essential for our business.

And for the nation's business. Just about everyone in England and Wales uses our electricity. We have to generate as much as is needed, at as low a price as possible.

So we use many different fuels; fossil and nuclear.

And we'll continue to seek new sources of power: to harness the wind and the tides and the heat beneath the earth's surface.

Our efforts are needed not only to keep prices down, but to satisfy a widely fluctuating demand, day and night, summer and winter, through storms and strikes and other acts of God or man.

That's the generating game: high stakes, tough rules and plenty of challenges. But it's a game we have to go on winning.

By using our magnets, like Mr Faraday said.

THE GENERATING GAME

**CEGB
NATIONAL POWER. POWERGEN.**

INTERNATIONAL CAPITAL MARKETS

High French trade deficit fails to depress market

By Norma Cohen in London and Anatole Kalotsky in New York

A FRENCH October trade deficit of FF6bn, well above the mainstream of market expectations, failed to depress government bond markets from their opening levels. Indeed, benchmark OATs registered slight gains in fairly active trading.

Dealers said that while the trade deficit might have been over target in October, a small surplus had been registered the previous month and the year's total trade deficit, at FF72bn, was still within government forecasts.

The Treasury said that it would auction on Thursday FF7bn to FF9bn in new government bonds, consisting of a new tranche of the 8.70 per cent OATs due 1996 and the 8 1/2 per cent OATs due 2012. There would also be a tranche of floating rate securities sold.

UK government gilt gains as much as 1/4 point among longer dated issues, with buying encouraged by firm re-affirmation of the Chancellor's anti-inflationary policy in a speech before Parliament.

The latest rise in UK base rates has also boosted demand for sterling and the currency showed a further rise against the dollar and DM. However, gilt dealers said the strong currency was doing little to attract foreign investors to the bond markets.

One reason is that the sharply inverted yield curve - the longest-term interest rates are over 150 basis points below the shortest - results in so-called negative carry. This means that investors must borrow money at higher rates to buy securities producing lower rates.

GOVERNMENT BONDS

The Treasury's benchmark long bond was modestly higher throughout the morning and traded by early afternoon 98 1/2 on Monday's close. The bond yielded 8.119 per cent at this price. Money market rates were also slightly below the previous day's level, with Federal Funds fluctuating all morning between 8% and 8 1/2 per cent.

BENCHMARK GOVERNMENT BONDS table with columns for Coupon, Red Date, Price, Change, Yield, Week ago, Month ago for UK GILTS, US TREASURY, JAPAN, GERMANY, FRANCE, CANADA, NETHERLANDS, AUSTRALIA.

Bank of France lets down the drawbridge

George Graham on the central bank's tradition-breaking rationalisation proposals

The Bank of France is about to embark on its first strategic plan since its foundation in 1800. For an institution that has spent most of the two centuries firmly enclosed within its stout walls in the heart of Paris, the plan represents a determined attempt to modernise operating structures and to come to grips with the tasks of a central bank at the end of the twentieth century.

It plans to expand these activities, while maintaining its traditional roles in the monetary sector. The outline plan responds in part to the three-week strike that hit the Bank of France last December, paralysing France's cash distribution machines by blocking deliveries of new bank notes from its printing works at Chamalières.

cuts in several of the Bank of France's principal activities, especially the branch network and the payment systems division.

The Bank of France has 333 branch offices around the country employing over 7,000 people - more than the entire Bank of England, which has only five branches.



The Bank of France's 'fortress' in the heart of Paris

Less independent in monetary policy than the West German Bundesbank, less involved in the modernisation of financial markets than the Bank of England, the Bank of France has a wider range of activities than either in such areas as economic research and credit analysis.

Other sectors where the Bank of France plans to market its skills overseas include insurance printing and security consultancy. However, private-sector competitors may start to howl when the French central bank starts trading on their turf, with an avowed aim of simply balancing its income with its costs.

World securities council plan

By Stefan Wagstyl in Tokyo

THE WORLD'S leading associations of securities dealers are meeting in Tokyo next week to launch an international council to improve the exchange of information.

The council is being established on the initiative of the Japan Securities Dealers Association, which approached other potential members this summer. The move reflects the increasing confidence of the Japanese industry in putting forward ideas to an international forum.

Securities Association and the Financial Intermediaries, Managers and Brokers Regulatory Association (Fimbra), both from Britain; and the Investment Dealers Association of Canada.

Citibank hopes to open Cyprus branch

By Andreas Hadjipapas in Nicosia

THE Consumer Services Group of Citibank hopes to open its first office in Cyprus next year, making it the first US banking organisation to set up business on the island.

visited the governor of the Central Bank of Cyprus and formally applied for permission to open a branch in Nicosia for both domestic and offshore business.

the bank's division for Europe, the Middle East and Africa, told a press conference that Cyprus was now developing into an important trading and tourist centre, presenting an opportunity for Citibank.

Japanese trust banks profits down at half year

By Stefan Wagstyl in Tokyo

JAPAN'S LEADING trust banks suffered from a squeeze on their lending margins which hit profits in the six months to end-September.

As a result, long-term interest rates lifted the cost of raising funds while demand for loans was generally slack. The four largest banks managed to increase unconsolidated profits at the pre-tax level, but profits fell at Chuo Trust and Banking and at Nippon Trust Bank.

JAPANESE TRUST BANKS table with columns for Revenue, Pre-tax profits, and Ytd % for Mitsubishi, Sanmei, Mitsu, Yasuda, Toyo, Chuo, Nippon.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table of FT-Actuaries Share Indices for various sectors like CAPITAL GOODS, BUILDING MATERIALS, ELECTRICS, etc., with columns for Index, Day's Change, etc.

FIXED INTEREST

Table of Fixed Interest rates for various maturities (1-30 years) and inflation rates (5%, 10%, 15%).

LONDON MARKET STATISTICS

Table of RISES AND FALLS YESTERDAY showing changes in British Funds, Corporations, Industrials, etc.

LONDON RECENT ISSUES

Table of LONDON RECENT ISSUES listing various stocks and their prices.

FIXED INTEREST STOCKS

Table of FIXED INTEREST STOCKS listing various fixed interest securities.

RIGHTS OFFERS

Table of RIGHTS OFFERS listing various rights offers and their details.

TRADITIONAL OPTIONS

First Dealings, Last Dealings, Last Declarations, etc.

LONDON TRADED OPTIONS

Large table of LONDON TRADED OPTIONS for various instruments like Allied Lyons, British Airways, etc., with columns for Calls, Puts, and various dates.

UK COMPANY NEWS

Dawson up to £21m in busy period

By Alice Rawsthorn

DESPITE RISING raw material prices and adverse exchange rates Dawson International, the Scottish textiles group best known for its luxury woolsens, increased pre-tax profits by 11 per cent from £19m to £21.1m in the first half of the year.

Turnover rose to £179.8m (£176.9m) in the six months to September 30. Earnings per share increased to 8.7p (7.7p). An interim dividend of 2.65p (2.4p) is declared.



Ronald Miller-very busy half year

By contrast Mr Miller described the integration of Morgan and Duofold in the US as "very successful". The US businesses increased sales to \$59m (\$53m), although sales rose faster by 20 per cent - in local currencies.

Miller, although sales from stock are still buoyant. The combination of rising raw material prices and problems in securing cashmere supplies from China left fibre processing with static sales at \$50m. Dawson also suffered from the swing against Shetland-style knitwear.

Bemrose pays £7m for Henry Booth

By David Waller

BEMROSE Corporation, Derby-based specialist printer, is spending £7.1m to acquire Henry Booth, a Hull-based printing group which supplies British Rail with magnetic strip tickets, and at the same time is restructuring its US operations.

In the ten months to the end of September, Booth made operating profits of £897,000 on turnover of £7.82m, and at the end of that period, net assets stood at £2.35m.

The company is being acquired for £2.35m in cash and the issue to the vendors of 2.2m new Bemrose shares. Of these, 870,000 have been conditionally placed by S.G. Warburg & Co.

The restructuring of the US operations is designed to simplify management of the businesses and reduce Bemrose's borrowings in the UK, thus paving the way for further acquisitions.

This advertisement is issued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange"). Application has been made for grant of permission to deal in the Unlisted Securities Market on The Stock Exchange in Dublin and London in the undermentioned issued and to be issued Ordinary Shares. It is emphasised that no application has been made for these securities to be admitted to listing.

CAPITAL LEASING GROUP plc

(Incorporated in the Republic of Ireland under the Companies Acts 1963 to 1982, Registered Number 96157)

Capital Leasing Group provides and arranges leasing and lease purchase facilities

PLACING

by DCC CORPORATE FINANCE LIMITED of 5,667,188 Ordinary Shares of IR10p each at IR44p per share payable in full on application

Authorised IR£3,500,000 Ordinary Shares of IR10p each Issued and to be issued fully paid IR£2,533,594

A proportion of the shares being placed is available to the public through the market until 3.30 pm on Friday 2nd December 1988. Particulars relating to the company are available in the Extel Statistical Services and copies of the Prospectus may be obtained during usual business hours up to and including 14th December 1988 from:

Stake sale proceeds lift Premier Oilfields

By Clare Pearson

DESPITE THE weaker oil price, midway net profits at Premier Consolidated Oilfields rose 35 per cent to \$5.19m thanks to the sale of its stake in fellow oil independent London & Scottish Marine Oil (LASMO).

Except for a \$5.12m extraordinary credit from the disposal of 1.1m shares shortly after British Gas's dawn raid on LASMO in September, net profits for the half-year to end-September would have been \$3.08m (\$5.05m).

While acknowledging that Premier's prowess at stock market dealing has become indubitable (the LASMO profit follows a \$3.66m gain on the sale of a Tricentrol stake in the last full-year figures), many observers continue to withhold admiration from a company whose exploration record to date has been middling at best.

Turnover dropped to £115.1m (£142.3m) despite a 6 per cent rise in producing rates to 7,050 (6,620) b/d. Operating profits were \$4.32m (\$5.73m). Earnings per share came out at 0.79p (1.56p).

B&C dividends boost Caledonia Inv to £12.2m

By Andrew Hill

DIVIDENDS on its holding of British & Commonwealth preference shares helped provide more than double pre-tax profits at Caledonia Investments in the six months to September 30. Caledonia, the Cayzer family's investment company, made £12.2m before tax, compared with £5.9m in the equivalent period.

Investment income rose from £6.29m to £12.86m, about £10.7m of which represented the return on B&C investments. Interest payable fell from £1.58m to £21,000. Just over a year ago Caledonia sold its 31 per cent stake in B&C, which accounted for 80 per cent of its assets, to concentrate on a string of opportunistic investments, from property to special situations.

Amber Day expansion

AMBER DAY Holdings, clothing manufacturer and retailer, returned profits of £503,000 pre-tax for the 53 weeks ended July 30. That was an advance of £348,000 on the preceding 60-week period.

They added that this took no account of the benefits which would flow from the £5.5m acquisition of Barrie Menswear (London) on the proceeds of the subsequent one-for-three rights issue.

National Home Loans Standard Home Loan Interest Rate

With effect from 1st December, 1988, the following interest rates will apply for existing endowment/pension loans: FOR HOUSE PURCHASE 13.75% APR 14.7% FOR REFINANCING 14.25% APR 15.2%

Dresdner Finance B.V. Amsterdam U.S. \$ 350,000,000 Floating Rate Notes 1984/1989 The Rate of Interest applicable to the Interest Period from November 30, 1988 to February 27, 1989, inclusive, was determined by Morgan Guaranty Trust Company of New York, London, as Reference Agent to be 8.5 per cent per annum.

All of these securities having been sold, this advertisement appears as a matter of record only.



Racal Telecom Plc

Global Offering 200,791,110 Ordinary Shares

140,791,110 Ordinary Shares

This portion of the offering was offered in the United Kingdom NM Rothschild & Sons Limited Goldman Sachs International Limited

16,620,000 Ordinary Shares

This portion of the offering was offered in Europe Goldman Sachs International Limited NM Rothschild & Sons Limited

4,338,000 American Depositary Shares Representing 43,380,000 Ordinary Shares

This portion of the offering was offered in the United States Goldman, Sachs & Co. Bear, Stearns & Co. Inc. The First Boston Corporation Alex. Brown & Sons

Global Co-ordinator Goldman Sachs International Limited

Joint Financial Advisers Goldman Sachs International Limited NM Rothschild & Sons Limited

iply is 1/10

RISK MANAGEMENT CONSULTANT

London Up to £30,000 + Benefits

We are a leading firm of management consultants offering specialist advice to public and private sector organisations, addressing a wide range of issues. Our flexible, multi-disciplinary approach enables us to react quickly and imaginatively to our clients' problems.

OUR APPROACH TO RISK MANAGEMENT

Focusing on the hazards threatening people, assets or earnings, we assist in tackling the numerous risks faced by today's organisations. Our requirement for an additional consultant is in response to a growing recognition of the value of service in this field, characterised by its objectivity, practicality and innovation. The service includes strategic reviews, risk audits, insurance programme appraisals, contingency planning and resource coordination.

YOUR BACKGROUND

The demanding brief for a risk management consultant requires that you should exhibit professionalism, fair and independence of mind. In addition to these qualities, you should have practical experience of risk management or in a related financial area.

THE REWARDS

The position offers considerable scope for career development and, in addition to a competitive basic salary, excellent staff benefits will be provided.

To apply please write enclosing a C.V. and remuneration history to Sue Price, MC Recruitment. Please quote ref: AS/N88/FT.

KPMG Peat Marwick McLintock
Management Consultants
1 Puddle Dock, Blackfriars, London EC4V 3PD

Relationship Management

This is an exciting opportunity to join Citibank, one of the world's leading global banks, in its expanding Financial Institutions Group. This Group's objective is to market the full range of Citibank's products and services to all sectors of the finance industry.

We are looking for several experienced Relationship Managers to market the following sectors:

- UK Building Societies and Life Assurance Companies
- European Banks
- UK Insurance and Re-Insurance Companies

For all the above posts the Relationship Manager will work within a team delivering a wide range of products and services.

The successful candidate will need previous experience in proposal structuring, credit analysis; circa 5 years relationship management experience, ability to identify new business initiatives and excellent interpersonal skills.

Corporate Finance Analysts

The same Group has openings for Analysts to join a small team working on deal structuring, credit and valuation analysis. Successful candidates will be highly numerate with good computer literacy and 2-3 years experience with a major financial corporate name in business or project analysis.

These jobs attract competitive salaries, valuable banking benefits including low-cost loans and mortgages, free health insurance and non-contributory pension plan.

If you are interested please send a full curriculum vitae to: Sally Gould, Personnel Officer, Citibank N.A., Citibank House, 336 Strand, London WC2R 1HB.

We are an equal opportunity employer.

CITIBANK

Manager Consulting Support (Pensions)

For Success, Consult With Us

Central London c.£45K + Car + Benefits

RBA

REEVES BROWN ASSOCIATES LTD

Reeves Brown Associates Ltd. know a thing or two about success. Formed in 1982, we have already established ourselves as an innovative force in the rapidly developing business of Employee Benefits Consultancy.

Changing legislation and an increasing need for the services of Actuaries and Employee Benefits Consultants has resulted in a growing demand for our specialist expertise, and we are now seeking an experienced Actuary with sound management skills to join our professional team.

This is a senior management position, and the successful applicant will be responsible for 7 staff ensuring that the highest standards are maintained in support of our consultancy effort. More important than formal qualifications will be your 10+ years' pensions experience and proven management skills.

In return for your expertise, we offer a highly competitive salary and benefits package, including a company car, pension and life assurance. In addition, you will have the opportunity to develop your career in a successful and dynamic company, with all that it means in the future.

To apply, Please write (marking the envelope "Strictly Private and Confidential") with full career details to T.J.M. Evans FIA, Reeves Brown Associates Ltd., Howard House, 10 Albert Embankment, London, SE1 7SP. Telephone 01-587 0527.

MEDIUM TERM NOTES

MAJOR INTERNATIONAL BANK

Central London

£Excellent

Our client is one of the world's largest financial institutions, with the commitment and capital strength to expand its international financial services network. As part of a strategy of broadening the range of its Capital Markets activities, the London office is seeking to expand its Medium Term Note desk.

The role will involve pricing new issues, active trading in short term bonds and repackaging other instruments, particularly Swaps. A thorough technical grasp of Fixed Income products, creative ability and enthusiasm for this rapidly growing product will be fundamental to success. Experience gained on the syndicate desk of a leading bond house will be highly desirable.

The person appointed to this position will have a solid academic background, strong communication skills, persuasive powers and the ability to work effectively within a highly professional team.

The bank has a clear and ambitious business plan for its MTN business. This key member of staff will be in an important decision making position and have considerable influence over the direction of growth. This is an exciting and demanding opportunity.

For a confidential discussion, please call Maggie Henderson-Tew on 01-437 0464, or in the evenings or at the weekend on 01-675 6977. Alternatively, write to the address below enclosing a curriculum vitae.

ROBERT WALTERS ASSOCIATES

RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place Leicester Square London WC2H 7BP
Telephone: 01-437 0464

A first class career opportunity for ambitious relationship bankers

Corporate Finance Officers

Major global institution

Our client is one of the most successful and prestigious of US banks. Its activities in the UK concentrate on the cream of top British and foreign companies and it has successfully re-orientated its core businesses to concentrate on products which add value and profitability. Chief among these are securitized products; leveraged buy outs; merger and acquisition business; and capital markets and derivative products.

Currently two opportunities exist within the non-bank financial institutions group. Clients in this area have traditionally had highly complex banking needs and the accent is on innovative "tailor-made" solutions to their problems. Such positions will suit experienced bankers with marketing experience in a major banking institution. Probably aged between 28 to 35, they should have sound credit skills, and an ability to design transactions to meet the needs of sophisticated customers. Career opportunities are excellent, and earnings include a generous performance related bonus.

Interested candidates should contact Kevin Byrne on 01-248 3653 or write enclosing a C.V. to the address below (or use the confidential fax line on 01-248 2814). All applications will be treated in the strictest confidence.

76, Watling Street, London EC4M 9BJ

BBM

Tel: 01-248 3653

CONSULTANTS IN RECRUITMENT

A career move from Lending, Money Market Sales or Syndications

Asset Sales

Our client is the merchant banking subsidiary of a major US bank. This institution is a market leader in the distribution of prime US assets. The position demands sales, financial analysis and corporate finance skills. The incumbent will play a role in both syndication and repackaging of a variety of assets.

This position could provide an excellent career change for an experienced money market salesperson, or alternatively a natural progression for an individual involved in asset sales or syndication. The ability to think laterally in response to customer need is paramount and should be allied to strong marketing skills. Ultimately there is the chance to take over the management of this desk, or to progress onwards into a corporate finance/deal structuring role.

Interested candidates should contact Kevin Byrne on 01-248 3653 or write enclosing a C.V. to the address below or use the confidential fax line on 01-248 2814. (Evenings/weekends please ring 076-382728).

76, Watling Street, London EC4M 9BJ

BBM

Tel: 01-248 3653

CONSULTANTS IN RECRUITMENT

EQUITY RESEARCH - INSURANCE SECTOR

To £60,000 + bonus

Our client, a major European Investment Bank, seeks to appoint a head of research for insurance company stock, both UK and European. The successful candidate will either be currently engaged in insurance research with another stockbroker, or could possibly be a qualified practising actuary who has a desire for a more market related future career.

Our client, London based, is a major force in the European stock market and this opening will provide an opportunity for career development and performance related remuneration, with initial salary depending on market experience.

Interested candidates should write, in the first instance, with full career details to:

Liz Goodchild (Ref: EAG/1),
Bastable-Dalley Advertising & Marketing International Ltd.,
18 Dering Street, London W1E 0AX. Tel: 01-408 1818.

Replies will be treated in strictest confidence. Companies to whom you do not wish your application to be forwarded should be stated in a covering letter.

Bastable

Job is its

Appointments Advertising

Appears every Wednesday and Thursday for further information call 01-248 8000... Paul Maravilla ext 4678... Elizabeth Rowan ext 3456... Patrick Williams ext 3684... Candida Raymond ext 3351

MERIDIAN (inc cont) COMPLIANCE OFFICER £25,000 + Mtg Sub. + + + Successful and highly respected city based stockbrokers require a young compliance officer (with legal, compliance or accounting background) to work in a friendly and professional team...

Regional Banking Manager Leeds

As part of its regional strategy Royal Trust Bank has established regional offices in Bristol, Manchester, Ipswich and Leeds. We are seeking to recruit a Regional Banking Manager in Leeds with at least 10 years UK Clearing bank experience...

- The successful candidate will have the following attributes: * Local knowledge of Leeds and the North East * Good interpersonal and communication skills * Good marketing experience * Ability to work on own initiative * Age 30-45 with ACIB qualification

Salary will be negotiable and benefits will include a company car, mortgage subsidy, pension and life assurance, private medical cover and bonus plan. Please write in confidence with career details to: J. A. Newman, Senior Associate Director Royal Trust Bank, Royal Trust House 48-50 Cannon Street, London EC4N 6LD.



EQUITY ANALYSTS LIGHTLY EXPERIENCED (18 MONTHS) £ NEGOTIABLE + BENEFITS There are many small stockbrokers who might claim to aspire to an Extel rating for their research... Recruitment Matters Ltd. 15 Great Eastern Street London EC2A 3EJ 01-377 1600

FUND MANAGEMENT OPPORTUNITIES Equities & Fixed Interest

London SW1 £ Negotiable

Our client, the asset management subsidiary of a long established and broad ranging UK services organisation, is undergoing a period of controlled expansion.

- * FUND MANAGER * ASSISTANT FUND MANAGER * FUND MANAGEMENT TRAINEE

The Fund Manager position requires experience of UK Equities and Fixed Interest markets gained over at least 5 years. At the Assistant level international Fixed Interest exposure over 2 or more years would be advantageous. The Trainee should have a keen awareness of current financial markets and preferably some related experience.



11 John Street, London WC1N 2EB.

At least two years' experience in Financial Services? Now build your career with a market leader

Our parent Company, Aetna Life and Casualty, was founded in the United States in 1853 and is now one of the world's largest publicly-quoted insurance groups, ranking among the 15 largest U.S. corporations.

Unit Trust Assistant Aetna's development of products for Europe has given rise to a new position assisting the Unit Trust Executive in the development of new unit trust products. Product Development Assistant Assisting the Product Development Executive in developing the servicing requirements and procedures for Aetna's range of life and pensions products...

The successful candidates will be educated to at least G.C.E. 'A' level standard, and possess a minimum of two years' relevant experience. For the Unit Trust appointment, this experience will have been gained in the technical or administration department of a unit trust company, or within a government or regulatory department.

The rewards will be a financial sector salary and benefits package with non-contributory pension scheme, life assurance and subsidised mortgage. If you are ready to take the next step in your career, please telephone Adrian Thompson for more information about the Unit Trust appointment, or Heather Ellinger in respect of Product Development.



BANKING OPPORTUNITIES City and West End

- CREDIT ANALYSTS/MANAGERS Corporate, Institutional & Sovereign Risk MARKETING OFFICERS/MANAGERS Corporate & Private Banking Roles LEASING SPECIALISTS Opportunities Countrywide

If you are considering a move and would like to discuss the options, please contact one of our specialist consultants for an informal discussion.

WEST END: 2 Swallow Place London W1R 7AA Tel: 01 408 1694 Fax: 01 409 3058 CITY: 25 City Road London EC1Y 1AA Tel: 01 256 5041 Fax: 01 374 8848



ANALYSTS - FUND MANAGERS - STOCKBROKERS

A City-based investor relations Company is seeking an additional executive to serve its growing international client base.

The successful candidate is likely to be a graduate with experience in fund management, stockbroking or merchant banking. Some international travel is involved and a knowledge of foreign languages would be an advantage. A high degree of self motivation should be combined with good communications skills plus the confidence and maturity to relate to clients at board level.

An attractive, performance-based remuneration package is offered with the opportunity to share in the Company's growth.

Write Box A1072, Financial Times, 10 Cannon Street, London EC4P 4BY.

FUND MANAGEMENT STRATEGY AND MARKETING

A challenging opportunity to gain experience in trustee reporting and fund management marketing

Our client has an opening for a candidate who is already working in investment management and is keen to develop the skills necessary for marketing.

As an Assistant Manager within the Company's highly successful Investment team, the job will involve reporting to existing clients, at board level, on investment performance. It will also involve the presentation of the Company's services to prospective clients.

This is an ideal opportunity for those seeking to develop their career by gaining an overview of asset management and an understanding of global investment strategy.

John Sears and Associates A MEMBER OF THE SMC GROUP

CAPITAL MARKETS FINANCIAL STRATEGIST £40,000 + CAR + PACKAGE

On behalf of a leading International Securities Organisation, we seek to recruit a highly experienced, dynamic Financial Strategist with a proven track record of between 5-10 years gained within the financial sector.

RICHARD MICHAELS PRIME BANKING PERSONNEL (Executive Division)

TOP EXECUTIVE JOBS

Senior Executive Recruitment Specialists We help how our executive clients advertised vacancies by contacting us meeting without cost. 32 Savile Row, London W1X 1AG 01-734 3871 Saffolk Street, Birmingham B1 1LS 021-643 2200 Connaught Mainland

LBOs, MBOs, MBIs - STRUCTURED FINANCING to £35,000

Our client is a major US banking group with broad based Corporate Finance activities and a significant presence in the marketplace. Due to sustained growth in the middle market LBO/MBO and MBI sectors an additional business originator is currently sought.

Please contact Loretta Quigley. Telephone 01-606 1706 or write to her at Anderson, Squires Ltd, Financial Recruitment Specialists, 127 Cheapside, London EC2V 6BU.

Executive Division Anderson, Squires

CAPITAL MARKETS OPPORTUNITIES

A major European bank, committed to long term expansion of its capital markets activity in London, invites candidates to apply for the following positions.

Overall remuneration will reflect the importance the Bank attaches to these positions and will include a generous base salary and profits related bonus, plus the usual benefits.

SENIOR SWAPS SPECIALIST

The Bank has decided to develop a significant role in the market for swaps and derivative products, with emphasis on ECU, and will allocate sufficient capital to support a trading inventory of swap positions.

The ideal candidate will have at least four years experience with one of the leading firms specialising in this field and will be mature enough to set up and manage all aspects of this activity: trading, portfolio management, documentation and administration.

MANAGER - INSTITUTIONAL SALES

The Bank has a dominant position for securities distribution in its domestic market and has a strong reputation for the quality of its research. It actively trades and makes markets in those euro-securities where it has acknowledge expertise and is developing a European network of affiliated stockbroking units. The Bank's research product is being broadened to provide in-depth coverage of euro-securities and domestic European securities.

The ideal candidate will have at least seven years securities sales experience which will allow him to build a team, integrated with the Bank's traders and research specialists, to develop sales of a wide range of euro-securities and European equities and bonds, primarily to UK-based institutional investors.

EXPERIENCED EUROSECURITIES DEALER

The Bank is expanding its secondary market trading team and is looking for a seasoned dealer with at least five years experience, preferably in ECU and non-dollar issues.

Applications, including full career details and current salary, will be treated in strict confidence. Write Box A1069, Financial Times, 10 Cannon Street, London EC4P 4BY

Assistant Loan Manager

PALL MALL



An opportunity has arisen for an ambitious young corporate banker in the dynamic environment of our Pall Mall office. You will provide a key relationship management role to the small corporate sector including the development of new business.

You should be an ACIB with up to five years experience, preferably in retail banking, with good credit assessment and judgemental skills and experience of charged securities.

This position demands a high degree of interpersonal skills and professionalism.

Opportunities for career development within Hambros Bank Limited are excellent.

The preferred age range is 25-30 years.

A competitive salary and range of benefits is available for this position. Please write enclosing a full CV to Mr E. Harvey, Manager, Hambros Bank Limited, 67 Pall Mall, London SW1Y 5EU.

A WEST END BASED BRITISH REGISTERED BANK

Seeks suitably qualified staff for its expanding activities in the following Departments.

Trade Finance Department - Officer
Age to 35 yrs
Applicants must be presently occupying a supervisory, checking and signing role and will be well versed in all aspects of Trade, Letters of Credit, Bill Discounting etc., with a complete understanding of U.C.P.

Advances Department - Securities Officer
Age to 25 yrs
Applicants will have a Clearing bank background and be capable of completing "in house" all standard forms of security. Ability to liaise with lawyers on cross border or the more complicated facility and competence to construct detailed facility offers is a prerequisite.

Advances Department - Analyst
Age to 25 yrs
Applicants will be formally trained with exposure to UK commercial trading clients. Must be able to spread and write clear reports on Balance Sheets and construct corporate cash flow profiles etc.

Central Filing Clerk
Will be an experienced person able to establish and run a centralised filing system covering all aspects of the Bank. Must be familiar with the output from the various departments within a bank.

Attractive salaries together with the usual fringe benefits are offered, as well as the opportunity for further career development.

Please write and include your C.V. to the Managing Director, Private and Confidential, Box No. A1066, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY

Shepherd Little & Associates Ltd

Banking Recruitment Consultants

EUROPEAN EQUITY SALES

A major international investment bank is seeking to build its European Equity Sales Force. Applicants will specialise by country rather than industry - in particular, France, Germany and Switzerland. If you have a proven track record selling European equities to U.K. institutions from a recognised City bank then please call for further details. Please contact Christine Clayton

U.K. LENDING - ASSISTANT MANAGER

To £25,000
One of the world's largest banks is seeking a new lending officer for its London branch. Candidates, aged between 27 and 35, should be graduates with some of their training from within a clearing bank. In helping the bank to further develop its business in the U.K. they require a combination of sound credit and business development skills. Please contact David Little

CREDIT ANALYST

To £20,000
Our client, a prestigious European bank, is looking to recruit a young credit analyst for their Corporate Banking Department. Applicants should preferably have the A.C.I.B. exams, American bank credit training and a minimum of 2 years' experience. The job will include some client exposure and has excellent prospects for the ambitious. Please contact Caroline Huddart

ASSISTANT COMPLIANCE OFFICER

£25-£28,000
One of our clients, a leading City based European bank, is currently seeking to recruit an Assistant Compliance Officer. Your responsibilities will include the day to day running of the Compliance Department and assisting the Head of Department with various tax obligations of the bank. Applicants should have either A.C.A. or A.C.C.A. qualifications and have had previous compliance experience gained from within an international bank. Please contact either Brenda Shepherd or Simon Pope

CREDIT ADMINISTRATION

£25,000 + Benefits
We have an opening for a graduate or A.C.A. with fluent German to join a new department of an established international bank in the City. Experience will be required of loan reviews, credit administration and credit analysis for secured lending to high net worth clients. This is an exciting opportunity to help set up and possibly take over an expanding area with international travel involved. Please contact either Brenda Shepherd or Simon Pope

EUROBOND SALES

Our client, a highly respected international bank, is seeking to increase its share of the fixed income market. They are recruiting a number of people who have at least two to three years' experience of fixed income sales, particularly in U.S. Dollars, Deutsche Marks and Japanese Yen. Applicants must be high income producers and team players. Please contact Keith Snelgrove

Ridgway House 41/42 King William Street London EC4A 3EN
Telephone 01-626 1161

ROYAL LONDON


UK and Far East Fund Management Appointments

The Royal London has total assets under management in excess of £2bn, including insurance funds, pension funds and unit trusts. In preparation for major strategic developments in 1989, additions are being made to the fund management team.

From the outset, the successful applicants will be involved in research, stock selection and dealing, and will be expected to be able to fill positions of responsibility at an early stage. The remuneration package will be competitive, including a performance-related bonus, and prospects for rapid career advancement are excellent.

Applicants should be in their early to mid 20s and have at least an upper second class degree. A keen interest in international affairs and good interpersonal skills are essential.

If you are interested, please write enclosing cv to
M. J. Yardley, F.I.A., Investment Manager,
The Royal London, Mercury House, Triton Court,
14 Finsbury Square, LONDON EC2A 1DP.



University of Durham

DIRECTOR OF THE BUSINESS SCHOOL

Applications are invited for the post of Director of the University of Durham Business School, tenable from 1st October 1989, or as soon as possible thereafter.

The Business School has achieved rapid growth over the past four years (current income approximately £2½ million). Continuing expansion is planned into the 1990s, both in Europe and overseas.

The successful candidate will provide energetic and imaginative leadership in the next phase of development and will represent the School inside and outside the University. Applicants should have good academic qualifications, a wide range of contacts in higher education, commerce, industry and recreation at senior level in at least one of these areas.

The appointment will be for a period of five years in the first instance, and may be extended for a further fixed period. The salary range will be negotiable when the post is offered, in a range from £23,380, average approx. £28,000.

Further particulars from the Registrar and Secretary, University of Durham, Old Shire Hall, Durham, DH1 3HP (Tel. 0191 374 2938) to whom applications (12 copies), naming three referees, should be sent by Friday, 6th January, 1989. (Candidates outside the British Isles may submit only one copy).

Banking Executive

Hill Samuel Bank Limited, one of the City's leading Merchant Banks, is seeking to appoint a Credit Analyst to join its Property Lending team within the Commercial Banking Division.

The suitable candidate is likely to be aged 22-28, probably currently working within a Clearing or similar bank environment and who has had general experience in most aspects of credit assessment. Preferably applicants will have passed their banking examinations or be well on the way to doing so. This post offers good promotional prospects for the right candidate.

In addition to a competitive salary, we offer excellent fringe benefits including profit share, subsidised mortgage and loan schemes, non-contributory pension scheme, free life assurance and BUPA.

Please send a full curriculum vitae quoting reference AWC in strictest confidence to:

Mrs Anne Dunford,
Manager - Personnel Department,
Hill Samuel Bank Limited,
100 Wood Street,
London EC2P 2AJ.

HILL SAMUEL
MERCHANT BANKERS

A member of the TSB Group.
A member of The Securities Association

UNIVERSITY OF BRADFORD


THE MANAGEMENT CENTRE

Appointment of Director

The University is seeking a successor as Director of the Management Centre to Professor J.C. Higgins who will be retiring in 1989.

The Management Centre is one of Europe's oldest and largest business schools. The Director will be expected to have a thorough understanding of the environment within which business schools operate and the creative ability to develop strategic initiatives for the 1990's. The appointment may be made for a fixed term of not less than five years in the first instance. It will carry the title of Professor and the salary level will take into account the importance of the appointment.

Further particulars may be obtained from the Acting Registrar, University of Bradford, West Yorkshire, BD7 1DP to whom applications should be sent by 14th January, 1989. An equal opportunity employer.



CAZENOVE & CO

Traded Options Institutional Sales

Cazenove & Co. wishes to enhance its service to institutional clients in traded options and is seeking to recruit a specialist salesman.

THE POSITION
Concentrating exclusively on traded options sales, the successful candidate will have full technical and analytical support.

QUALIFICATIONS
Candidates are likely to have worked in a major securities firm transacting traded options business for institutional clients.

REMUNERATION
Cazenove & Co. wishes to attract candidates of the highest calibre and will offer appropriate remuneration and excellent long term career opportunities.

Please write in confidence quoting reference G4504
54 Jermyn St, London SW1Y 6LX.

SPECIALISTS IN SENIOR MANAGEMENT SELECTION
01-493 9385

N.B. SELECTION LTD

SALES EXECUTIVE

Natural Resources

W. I. Carr, the international stockbroking arm of Banque Indosuez, require a sales executive to join a well established, research based Natural Resources team. We specialise in global analysis of metals and oil markets as well as the related companies. Through our subsidiary company in Canada we also cover forest products.

Applicants should have at least two years' experience in the area and good institutional client connections.

The remuneration package will be fully competitive and will reflect the experience and potential of the applicant.

Please reply, in confidence, attaching detailed curriculum vitae to:
Chris Orchard, W. I. Carr Group, No. 1 London Bridge,
London SE1 9TJ. Tel: 01-378 7050

W.I. CARR
Banque Indosuez Group

Futures and Options Account Executives

As part of a planned expansion programme, our client, a leading futures and options brokerage house, wishes to recruit a number of high calibre Account Executives.

Candidates should have a proven track record of dealing with institutional and corporate clients, with a minimum of five years experience in the major futures, options and securities markets. Applicants should have the ability to make an immediate contribution to our client's business development.

For individuals with the necessary drive and ambition, our client is offering an excellent opportunity for substantial client base development, backed by the resources of the world's largest clearer of futures and options contracts.

As you would expect, the salary packages involved will be negotiable. Applicants should forward their details in strictest confidence to:

Andrew Grant
Burson-Marsteller,
24-26 Bloomsbury Way,
London WC1A 2PX.

Burson-Marsteller Financial

APPOINTMENTS WANTED

ENTHUSIASTIC QUALIFIED 21 YEAR OLD
SEEKS EMPLOYMENT IN MARKETING

EDUCATION
Uppingham School - 10 'O' Levels 3 'A' Levels
British Polytechnic - Higher National Diploma in Marketing

INTERESTS
Golfing, shooting, skiing, rugby and racket sports.
Enjoy following financial markets and economic policies.

WORK EXPERIENCE
Advertising, Stockbroking, Commodity Broking.

TRAVEL EXPERIENCE
Europe, Canada.

Write Box A1061, Financial Times, 10 Cannon Street, London EC4P 4BY

011/10110

LONDON STOCK EXCHANGE

Equities fail to sustain early rally

THE LONDON stock market did its best to manage a technical rally yesterday after two sessions of sliding share prices, but was held back by the renewed weakness of the US dollar.

Table with columns: Appointment, Date, Time. Lists various market appointments for the week.

attracted buyers following their recent losses. Gains were cut back towards the end of the session, however, and some international stocks closed lower.

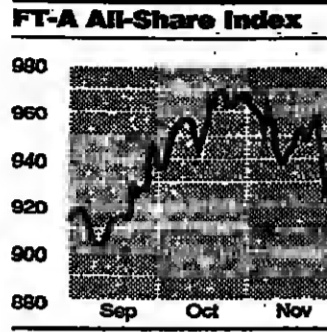
Oil shares were slow to respond to the Opec agreement to aim at \$18 a barrel oil price and US support was lacking in late dealings.

stressed that the housing downturn could be "shorter and less serious" than some suggest. At the close, the FT-SE index showed a gain of 5.4 points at 1789.9, still 2.5 per cent down since Friday's announcement of a record monthly UK trade deficit for October.

focused on the other side of the Atlantic, a list of possible UK targets, ranging from Boots to Consolidated Gold Fields circulated again yesterday.

Another Lonrho chapter

Lonrho shares rode the roller-coaster yesterday as yet another chapter was written in one of the market's top speculative attractions. The shares closed between 380p and 389p in re-vitalised trading as the market awaited clarification of reports that Mr Alan Bond had submitted a tender offer for Texaco Canada, which could suggest he is less likely to bid for Lonrho.



Mr Bond was later confirmed to be involved in a tender for the Canadian oil major which is valued at around \$3.7bn. Commenting on the news, a London analyst said: "Some may feel this is a clever ploy. There is little doubt that some Lonrho shareholders were frightened this morning and sold their investments."

alive with talk of possible retrenchment in the bank's securities operations. There were also stories in the market that Bond Corporation may have experienced difficulties in playing its part in a 9 per cent stake in the merchant bank.

Hamro Bank held at 222p after 224p, after revealing interim profits of \$38.65m, well up on market forecasts.

Dealers continued to await with caution the deadline on Friday morning for applications for shares in British Steel. With no grey market in the issue, forecasts centred around the IG Index quotation, which invites customers to estimate the closing price of the 60p partly-paid shares on Monday, the first trading day. This edged higher to 66p, from 64.2p-67.2p overnight.

Johnson Fry bounded higher, greeting the agreed shares and cash offer from LIT Holdings with a vault of 65 to 167p. LIT ended 6 lower at 152p. Management also figured prominently, responding to revived bid speculation which found one marketmaker extremely short of stock.

Activity in the Traded options market continued to run at a high level, reaching 44,316 contracts, consisting of 26,941 calls and 17,375 puts. FT-SE 100 index trading again ran took a high share, at 10,885 matched contracts, lying in 3,000 calls and 7,885 puts, but it was Hanson that stole the thunder. The market made a charge for call options at exercise prices above the underlying share price, as it wondered how the company would apply its increased borrowing facility.

Table titled 'FINANCIAL TIMES STOCK INDICES' showing various indices like Government Securities, Fixed Interest, Ordinary, Gold Mines, etc., with columns for Nov, High, Low, and Year Ago.

Table titled 'SE ACTIVITY' showing various stock transactions with columns for Stock Name, Price, and Volume.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume in major stocks, listing stock names, volume, and price changes.

mouths according to BZW. Legal & General, one of BZW's favourites in the sector, added 2 at 285p, while Abbey Life, "where fundamentals have re-asserted themselves," according to dealers, added 4 at 285p.

Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 29

ICI presents After its heavy fall on Monday, ICI returned to favour on the back of a major presentation to sixty institutional investors hosted by Warburg Securities. The shares rose 8 to 574p in turnover of £2.2bn.

NEW HIGHS AND LOWS FOR 1988 Lists various stocks that reached new highs or lows during the year, such as British Steel, Hanson, and ICI.

Chamberlain & Hill, foundry operators and electrical engineers, were up 25 to 220p as the market digested the interim profits. Withlaw added 2 1/2 to 25 1/2p on rumours of a new patent process, while Booth Industries put on 11 to 131p in anticipation of results.

Ladbrokes was marked sharply lower at one stage on talk that it might be about to bid for Hilton Corporation of the US, the group which manages Ladbrokes' chain of Hilton hotels. A company spokesman officially denied the speculation and the shares rallied to close just 3 down at 430p, after 434p. Turnover was 2.6bn.

Chief financial officer at British Airways

Mr Gordon Dunlop, the chief financial officer of BRITISH AIRWAYS, is retiring from his executive post on December 31 and from the board on March 31.



Mr Derek Stevens, chief financial officer designate, BRITISH AIRWAYS.

Hambros finance director designate

HAMBROS has appointed Mr Charles Tilley and Mr John Heywood as directors. Mr Tilley, at present a partner at Peat Marwick McLintock, becomes finance director from January 1. He will also become a director of Hambros Bank, Hambro Countrywide and other group companies.

Mr Julian Sturdy-Mortin

Mr Julian Sturdy-Mortin has been appointed director of CL-ALEXANDERS LAING & CRUICKSHANK EURO-EQUITIES. He was with Morgan Grenfell.

Mr E.C. Davies

Mr E.C. Davies has been elected to the board of THE LONDON METAL EXCHANGE. He is a senior dealer with Entores (Metal Brokers).

The Naked City: a 4-week visit. FREE.

Crash last October. But not everything has changed. Even if you're a confirmed bear nowadays, you have to admit there are opportunities to make money—if you know where to look.



Subscription form for Investors Chronicle, including fields for name, address, and contact information.

Mr David Anderson

Mr David Anderson has been appointed managing director of VELOS, part of the Nobo Group. He was sales director of Essette-Dymo.

Mr Jon Watts

Mr Jon Watts has been appointed marketing and business development director of SINTROM. Before joining Sintrom a year ago he was managing director of Datapoint Corporation (NZ). Mr David Heaton, finance director, has resigned, and Mr Ian McQuillan becomes acting finance director.

Mr Frank Thompson

Mr Frank Thompson has been appointed managing director of the industrial doors division of HARRISON INDUSTRIES. He has been a main board director since 1986. Mr D.C. Bailey has left the main board to restructure the group's door manufacturing plant in South Wales.

Mr Roger Began

Mr Roger Began has been appointed managing director of Caradon Everest. He joins from A.G. Stanley where he was group managing director.

Mr Roger Hadaway

Mr Roger Hadaway has been appointed managing director of British Alean Consumers Products, a group division.

Additional subscription information and contact details for Investors Chronicle.

FT Unit Trusts

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts under the 'AUTHORISED UNIT TRUSTS' section, including Abbey Unit Trust, Abbey Unit Trust, Abbey Unit Trust, etc.

Table listing various unit trusts under the 'AUTHORISED UNIT TRUSTS' section, including Abbey Unit Trust, Abbey Unit Trust, Abbey Unit Trust, etc.

Table listing various unit trusts under the 'AUTHORISED UNIT TRUSTS' section, including Abbey Unit Trust, Abbey Unit Trust, Abbey Unit Trust, etc.

Table listing various unit trusts under the 'AUTHORISED UNIT TRUSTS' section, including Abbey Unit Trust, Abbey Unit Trust, Abbey Unit Trust, etc.

Table listing various unit trusts under the 'AUTHORISED UNIT TRUSTS' section, including Abbey Unit Trust, Abbey Unit Trust, Abbey Unit Trust, etc.

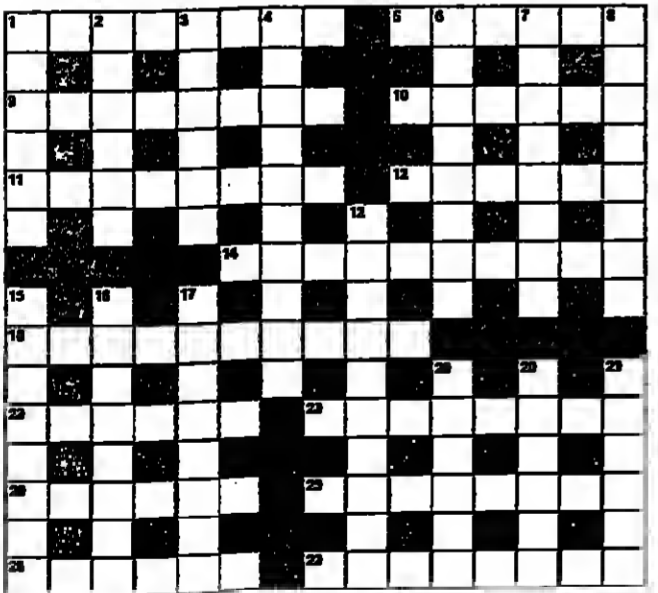
Table listing various unit trusts under the 'AUTHORISED UNIT TRUSTS' section, including Abbey Unit Trust, Abbey Unit Trust, Abbey Unit Trust, etc.

Table listing various unit trusts under the 'AUTHORISED UNIT TRUSTS' section, including Abbey Unit Trust, Abbey Unit Trust, Abbey Unit Trust, etc.

Table listing various unit trusts under the 'AUTHORISED UNIT TRUSTS' section, including Abbey Unit Trust, Abbey Unit Trust, Abbey Unit Trust, etc.

CROSSWORD

No. 6,799 Set by VIXEN



- ACROSS
1 Put off the under-world - use a covert (8)
5 Turning a vehicle into sleeping accommodation, given support (6)
9 Clothing one swimmer placed beside the river (6)
10 Criticise a scholar's summer holiday (6)
11 A lot of people after help back verbal onslaught (6)
12 Wrap a quarter taken surreptitiously (6)
14 Coppers call round happens to be stopping (10)
18 Lasting present - it's well made (10)
22 Many more aged? That's not so hot! (6)
24 Transport a gain (8)
25 Manual worker in a better state of health (6)
26 Dicky, Tom and Annie put forward names (6)
27 Pet taking company's place (6)
DOWN
1 Resolve to write a letter about certain policemen (6)
2 End up in the wrong - so like the ape! (6)
3 A French user may be somewhat doubtful (6)
4 Think to enslave! (10)

CROSSWORD

No. 6,799 Set by VIXEN



- 6 Organist possibly acting as cook (6)
7 A clergyman's tea, quite simple (6)
8 Many fall - time for getting off the water (8)
13 Becoming uniform is demanded by this social occasion (7,2)
15 Peculiar remedy (6)
16 Bishops can be real pets (8)
17 Cry for mercy when the mud's about dry (6)
19 Indicate approval of quiet hit (6)
20 Opens up and rubs an organisation the wrong way (6)
21 Interval for a service (Church of England) on a ship (6)
Solution to Puzzle No.6,788

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new investors. They are included in the price when the customer buys units.

Table listing various unit trusts under the 'GUIDE TO UNIT TRUST PRICING' section, including Abbey Unit Trust, Abbey Unit Trust, Abbey Unit Trust, etc.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Handwritten note: 10/11/88

Main table containing unit trust information, including columns for company names, unit prices, and other financial data. The table is organized into sections such as 'INSURANCES' and 'OTHER UK UNIT TRUSTS'.

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

Handwritten signature or mark at the top center of the page.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-825-2128

Main table containing unit trust information, organized into columns by provider (e.g., Norwich Union, Prudential, Sun Life, etc.) and rows listing various fund names and their prices.

MANAGEMENT SERVICES

Table listing management services provided by various firms, including names and contact information.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas investment options, including UK listed funds and other international products.

NOT AUTHORIZED

Table listing unauthorized or restricted investment products and services.

Continuation of the main unit trust information table, listing various funds and their details.

Handwritten note: "10/11/88" in a box.

FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts with columns for Name, NAV, and other financial metrics.

OTHER OFFSHORE FUNDS

Table of Other Offshore Funds listing various international unit trusts with columns for Name, NAV, and other financial metrics.

LONDON SHARE SERVICE

Table of London Share Service listing various British Funds, Foreign Bonds & Rails, and American stocks with columns for Name, Price, and other financial metrics.

Table of Money Market Trust Funds and Money Market Bank Accounts listing various financial products with columns for Name, Price, and other financial metrics.

LONDON SHARE SERVICE

Contd

BUILDING, TIMBER, ROADS

ELECTRICALS

ENGINEERING - Contd

INDUSTRIALS (Misc.) - Contd

INDUSTRIALS (Misc.) - Contd

Table with columns: Stock, Price, Bid, Offer, P/E, Div, Yield. Lists various companies in the Building, Timber, Roads sector.

Table with columns: Stock, Price, Bid, Offer, P/E, Div, Yield. Lists various companies in the Electricals sector.

Table with columns: Stock, Price, Bid, Offer, P/E, Div, Yield. Lists various companies in the Engineering sector.

Table with columns: Stock, Price, Bid, Offer, P/E, Div, Yield. Lists various companies in the Industrials (Misc.) sector.

Table with columns: Stock, Price, Bid, Offer, P/E, Div, Yield. Lists various companies in the Industrials (Misc.) sector.

Table with columns: Stock, Price, Bid, Offer, P/E, Div, Yield. Lists various companies in the Industrials (Misc.) sector.

BANKS, HP, LEASING

CHEMICALS, PLASTICS

FOOD, GROCERIES, ETC

Table with columns: Stock, Price, Bid, Offer, P/E, Div, Yield. Lists various companies in the Banks, HP, Leasing sector.

Table with columns: Stock, Price, Bid, Offer, P/E, Div, Yield. Lists various companies in the Chemicals, Plastics sector.

Table with columns: Stock, Price, Bid, Offer, P/E, Div, Yield. Lists various companies in the Food, Groceries, Etc sector.

Table with columns: Stock, Price, Bid, Offer, P/E, Div, Yield. Lists various companies in the Food, Groceries, Etc sector.

Table with columns: Stock, Price, Bid, Offer, P/E, Div, Yield. Lists various companies in the Food, Groceries, Etc sector.

Table with columns: Stock, Price, Bid, Offer, P/E, Div, Yield. Lists various companies in the Food, Groceries, Etc sector.

Hire Purchase, Leasing, etc.

DRAPERY AND STORES

HOTELS AND CATERERS

INSURANCES

Table with columns: Stock, Price, Bid, Offer, P/E, Div, Yield. Lists various companies in the Hire Purchase, Leasing, etc. sector.

Table with columns: Stock, Price, Bid, Offer, P/E, Div, Yield. Lists various companies in the Drapery and Stores sector.

Table with columns: Stock, Price, Bid, Offer, P/E, Div, Yield. Lists various companies in the Hotels and Caterers sector.

Table with columns: Stock, Price, Bid, Offer, P/E, Div, Yield. Lists various companies in the Hotels and Caterers sector.

Table with columns: Stock, Price, Bid, Offer, P/E, Div, Yield. Lists various companies in the Hotels and Caterers sector.

Table with columns: Stock, Price, Bid, Offer, P/E, Div, Yield. Lists various companies in the Insurances sector.

BUILDING, TIMBER, ROADS

ENGINEERING

INDUSTRIALS (Misc.)

LEISURE

Table with columns: Stock, Price, Bid, Offer, P/E, Div, Yield. Lists various companies in the Building, Timber, Roads sector.

Table with columns: Stock, Price, Bid, Offer, P/E, Div, Yield. Lists various companies in the Engineering sector.

Table with columns: Stock, Price, Bid, Offer, P/E, Div, Yield. Lists various companies in the Engineering sector.

Table with columns: Stock, Price, Bid, Offer, P/E, Div, Yield. Lists various companies in the Industrials (Misc.) sector.

Table with columns: Stock, Price, Bid, Offer, P/E, Div, Yield. Lists various companies in the Industrials (Misc.) sector.

Table with columns: Stock, Price, Bid, Offer, P/E, Div, Yield. Lists various companies in the Leisure sector.

Handwritten signature or mark at the bottom center of the page.

Handwritten note: "10/11/88" in a box.

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

LEISURE - Contd

Table of share prices for Leisure companies including Leisure Group, Leisure Leisure, and Leisure Leisure.

PROPERTY

Table of share prices for Property companies including Property Group, Property Group, and Property Group.

TEXTILES - Contd

Table of share prices for Textiles companies including Textiles Group, Textiles Group, and Textiles Group.

TRUSTS, FINANCE, LAND - Contd

Table of share prices for Trusts, Finance, and Land companies including Trusts Group, Finance Group, and Land Group.

OIL AND GAS - Contd

Table of share prices for Oil and Gas companies including Oil Group, Gas Group, and Oil Group.

MINES - Contd

Table of share prices for Mines companies including Mines Group, Mines Group, and Mines Group.

MOTORS, AIRCRAFT TRADES

Table of share prices for Motors and Aircraft Trades companies including Motors Group, Aircraft Group, and Motors Group.

Commercial Vehicles

Table of share prices for Commercial Vehicles companies including Commercial Group, Commercial Group, and Commercial Group.

Garages and Distributors

Table of share prices for Garages and Distributors companies including Garages Group, Distributors Group, and Garages Group.

NEWSPAPERS, PUBLISHERS

Table of share prices for Newspapers and Publishers companies including Newspapers Group, Publishers Group, and Newspapers Group.

PAPER, PRINTING, ADVERTISING

Table of share prices for Paper, Printing, and Advertising companies including Paper Group, Printing Group, and Advertising Group.

TOBACCOS

Table of share prices for Tobaccos companies including Tobaccos Group, Tobaccos Group, and Tobaccos Group.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, and Land companies including Trusts Group, Finance Group, and Land Group.

Investment Trusts

Table of share prices for Investment Trusts companies including Investment Group, Investment Group, and Investment Group.

FINANCE, LAND, etc

Table of share prices for Finance, Land, and other companies including Finance Group, Land Group, and Finance Group.

OVERSEAS TRADERS

Table of share prices for Overseas Traders companies including Overseas Group, Overseas Group, and Overseas Group.

PLANTATIONS

Table of share prices for Plantations companies including Plantations Group, Plantations Group, and Plantations Group.

MINES

Table of share prices for Mines companies including Mines Group, Mines Group, and Mines Group.

Far West Rand

Table of share prices for Far West Rand companies including Far West Group, Far West Group, and Far West Group.

Central African

Table of share prices for Central African companies including Central Group, Central Group, and Central Group.

Finance

Table of share prices for Finance companies including Finance Group, Finance Group, and Finance Group.

OIL AND GAS

Table of share prices for Oil and Gas companies including Oil Group, Gas Group, and Oil Group.

Australians

Table of share prices for Australian companies including Australian Group, Australian Group, and Australian Group.

Rubbers, Palm Oil

Table of share prices for Rubbers and Palm Oil companies including Rubbers Group, Palm Oil Group, and Rubbers Group.

TEAS

Table of share prices for Teas companies including Teas Group, Teas Group, and Teas Group.

MINES

Table of share prices for Mines companies including Mines Group, Mines Group, and Mines Group.

Central Rand

Table of share prices for Central Rand companies including Central Group, Central Group, and Central Group.

Eastern Rand

Table of share prices for Eastern Rand companies including Eastern Group, Eastern Group, and Eastern Group.

O.F.S.

Table of share prices for O.F.S. companies including O.F.S. Group, O.F.S. Group, and O.F.S. Group.

Diamond and Platinum

Table of share prices for Diamond and Platinum companies including Diamond Group, Platinum Group, and Diamond Group.

Central African

Table of share prices for Central African companies including Central Group, Central Group, and Central Group.

THIRD MARKET

Table of share prices for Third Market companies including Third Market Group, Third Market Group, and Third Market Group.

NOTES

Stock Exchange dealing classification are indicated to the right of security names. In Roman 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.

REGIONAL & IRISH STOCKS

Table of share prices for Regional and Irish Stocks companies including Regional Group, Irish Group, and Regional Group.

TRADITIONAL OPTIONS

Table of share prices for Traditional Options companies including Traditional Group, Traditional Group, and Traditional Group.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar falls on GNP revision

THE DOLLAR finished below its best level in currency markets yesterday, after a disappointing reaction to revised US GNP figures. Growth in the third quarter was measured at 2.6 p.c., which was not as high as some expectations. While the increase was seen from a provisional 2.2 p.c., it was down from a second quarter rise of 3.0 p.c.

The apparent slowdown in the pace of economic growth reduced the prospect of higher US interest rates, and this prompted many investors to adjust positions and sell the dollar. Early business took note of trading in Tokyo, where dollar support by the Bank of Japan, estimated at \$100m, failed to hold the US unit above the ¥122.0 level. Despite this, there was little early dollar selling in London, as investors were deterred from going short on the dollar just in case US interest rates were raised again.

However, the cautious tone was reversed after the GNP figures were released, and the dollar slid below its opening levels, in the absence of any intervention by the US Federal Reserve Board.

The US unit broke through support at DM1.7280 and ¥121.50 to finish at DM1.7270, down from DM1.7330, and ¥121.45 compared with ¥122.20.

Elsewhere, it closed at SFFr.4450 from SFFr.4505 and FFfr.8975 from FFfr.9000. On Bank of England figures, the dollar's exchange rate index fell from 92.6 to 92.3. The Bank of England bought dollars earlier in the day, principally in reaction to sterling's firmer trend, but this failed to provide more than a short term benefit for the dollar.

Sterling retained its firmer undertone, despite intervention by the Bank which sold sterling for dollars at \$1.9450. The pound was restrained only briefly, and moved up to close at \$1.9525, compared with \$1.9370 on Monday. Against the D-Mark, it rose to DM3.2000 from DM3.1825, and ¥225.00 from ¥223.50. Elsewhere, it finished at SFFr.2.6775 from SFFr.2.6650 and FFfr.10.9250 against FFfr.10.8750. On Bank of England figures, the pound's exchange rate index rose at 78.0 from 77.9 at the opening and 77.7 on Monday.

Table with columns: Country, Current rate, % change from previous day, % change from previous week. Includes entries for Belgium, France, Germany, Italy, Netherlands, Spain, UK, US.

FINANCIAL FUTURES

Sterling contracts steady

STERLING DENOMINATED contracts showed little change in dull trading on Life yesterday. There were no new factors, with the market waiting for comments on the UK economy from the Chancellor of the Exchequer. In the absence of other news the market tended to follow

movements of sterling on the foreign exchanges. March short sterling futures finished at 87.11, compared with 87.07 previously, closing in the middle of the day's narrow range. December long gilts finished unchanged at 84.52. US Treasury bonds for December delivery rose to 87.25

Table: LIFTS LONG GILT FUTURES OPTIONS. Columns: Strike, Call, Put, Settlement, Price, Bid, Offer, Last, Change.

Table: LIFTS US TREASURY BOND FUTURES OPTIONS. Columns: Strike, Call, Put, Settlement, Price, Bid, Offer, Last, Change.

Table: LIFTS EURO-DOLLAR FUTURES OPTIONS. Columns: Strike, Call, Put, Settlement, Price, Bid, Offer, Last, Change.

Table: LIFTS SHORT STERLING. Columns: Strike, Call, Put, Settlement, Price, Bid, Offer, Last, Change.

Table: LIFTS EURO-DOLLAR FUTURES OPTIONS (continued). Columns: Strike, Call, Put, Settlement, Price, Bid, Offer, Last, Change.

Table: LIFTS SHORT STERLING (continued). Columns: Strike, Call, Put, Settlement, Price, Bid, Offer, Last, Change.

EUROPEAN OPTIONS EXCHANGE

Table: EUROPEAN OPTIONS EXCHANGE. Columns: Series, Vol, Last, Bid, Offer, Stock. Includes sections for GOLD, SILVER, and various European stock options.

£ IN NEW YORK

Table: £ IN NEW YORK. Columns: Month, Last, Previous. Includes 1 month, 3 months, 6 months, 12 months.

CURRENCY RATES

Table: CURRENCY RATES. Columns: Bank, % Bid, % Offer, % Spread. Includes Sterling, US Dollar, Canadian, Australian, etc.

CURRENCY MOVEMENTS

Table: CURRENCY MOVEMENTS. Columns: Bank, % Bid, % Offer, % Spread. Includes Sterling, US Dollar, Canadian, Australian, etc.

OTHER CURRENCIES

Table: OTHER CURRENCIES. Columns: Country, Rate, % Change. Includes Argentina, Australia, Brazil, Canada, etc.

MONEY MARKETS

Awaiting guidance

INTEREST RATES held steady on the London money market yesterday. Lack of economic data this week focused attention on statements of economic policy from Mr Nigel Lawson, the Chancellor. Mr Lawson's comments in the House of Commons yesterday were made too late to have

factors outweighed a fall in the note circulation adding £5m to liquidity. In Paris interest rates were unchanged, despite news of a larger than expected French trade deficit in October. The trade situation is worrying, according to Mr Michel Rocard, the Prime Minister. A deficit for the whole year of FFfr.90bn is expected. The trade news left the money market nervous about a possible rise in the Bank of France's official rates later this week.

A securities repurchase tender is likely to be held tomorrow, when the intervention rate may be raised from the present level of 7 1/2 p.c., with the five to ten-day repurchase rate also in danger of moving higher, according to dealers.

In Frankfurt call money remained firm at around 5 p.c. This week's unexpected securities repurchase agreement from the Bundesbank has not fully offset the high minimum reserve commitments of the banks.

Banks continued to bid for funds to meet these commitments, but the rise in rates is regarded as purely technical, and is not a signal of tighter monetary policy.

The Bundesbank council meets tomorrow and is not expected to change the discount rate from 3 1/2 p.c. or the Lombard rate from 5 p.c.

FT LONDON INTERBANK FIXING

Table: FT LONDON INTERBANK FIXING. Columns: Bid, Offer, Bid, Offer. Includes 3 months US dollar, 6 months US dollar.

MONEY RATES

Table: MONEY RATES. Columns: New York, London, etc. Includes Treasury Bills and Bonds, Prime Rate, etc.

LONDON MONEY RATES

Table: LONDON MONEY RATES. Columns: Overnight, 7 days, 14 days, 1 month, 3 months, 6 months, 12 months. Includes Interbank Offer, Interbank Bid, etc.

BASE LENDING RATES

Table: BASE LENDING RATES. Columns: Bank, % Bid, % Offer, % Spread. Includes ABN Bank, Adair & Company, etc.

Advertisement for Chicago Board of Trade. Text: WE BELIEVE OUR UNMATCHED INTEGRITY PROVIDES UNPARALLELED PROTECTION. Includes logo of a shears and text: In this futures market, an element endures that can neither be bought nor sold. Integrity. It comes from a history of honor, pride and purpose. It comes from going beyond government trading regulations to create stringent self-imposed regulations to further protect the customer. With a computerized audit trail that tracks every trade to the second. And a clearing corporation that assures every trade is marked-to-market, every day. Through these turbulent times, there remains an institution with unmatched integrity. The Chicago Board of Trade. You can believe in it.

WORLD STOCK MARKETS

Table of world stock markets including sections for America, France, Germany, Italy, Sweden, Switzerland, Denmark, Finland, and Japan. Each section lists various stocks with their prices and changes.

Table of world stock markets including sections for Australia, Hong Kong, Singapore, and New Zealand. Each section lists various stocks with their prices and changes.

Table of Canadian stock markets including sections for Toronto and Vancouver. Each section lists various stocks with their prices and changes.

Table of stock indices including sections for New York, Dow Jones, and various international indices like Australia, France, Germany, etc.

Table of Canadian stock markets including sections for Toronto and Vancouver. Each section lists various stocks with their prices and changes.

Table of Tokyo stock markets listing various active stocks with their prices and changes.

Advertisement for 'Have your F.T. hand delivered' at no extra charge, featuring Athens (01) 7237167 and Hellenic Distribution Agency.

Advertisement for 'Have your F.T. hand delivered in Norway' featuring Oslo (02) 684020 and Heidi Aastorp at Narvesen Info Centre.

Advertisement for 'Have your F.T. hand delivered in Norway' featuring Oslo (02) 684020 and Heidi Aastorp at Narvesen Info Centre.

سكنا ميلا

3pm prices November 29

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Table of stock prices with columns for stock names, prices, and changes. Includes various indices and individual stock listings.

Advertisement for Philips monitors. Text: 'PRO MONITORS FROM PHILIPS', 'The clear advantage', 'PHILIPS' logo.

Continued on Page 51

Handwritten note: "Hoffman" in a box.

NYSE COMPOSITE PRICES

Main table of NYSE Composite Prices with columns for Stock, Div., High, Low, Close, and Change. Includes a sub-section for Dividend Dates and Yields.

OVER-THE-COUNTER

Table of Over-the-Counter prices with columns for Stock, Div., High, Low, Last, and Change. Includes a sub-section for Nasdaq National Market.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices with columns for Stock, Div., High, Low, Close, and Change.

Advertisement for Madrid, Barcelona, Bilbao, and Sevilla, featuring the Bilboa logo and contact information for IPS.

SECTION III FINANCIAL TIMES SURVEY

The rush on both sides of the Atlantic to fund buy-outs and buy-ins threatens the industry's claim to be the backer of new enterprise. Alternatives to the slog of start-up and early-stage investments appear all too numerous, writes Charles Batchelor

Diversions in the maze

ON THE face of it the venture capital industry in Europe and the US has had a good year. Both fund-raising activity and investments have remained at high levels despite early fears that last October's market crash would dampen activity. In fact unquoted investments have become more attractive to institutions shaken by the volatility of their quoted investments.

However, the headlong rush by many venture capital groups on both sides of the Atlantic into funding buy-outs and buy-ins threatens the industry's claim to be the backer of new enterprise.

In Britain and the US, the two most developed venture capital markets, the earnings of the venture funds are coming under pressure. In the US the volume of money and the number of venture funds - some 650 currently manage about \$30bn - mean the free-wheeling early days are over when big profits were possible.

On both sides of the Atlantic the institutions which put their money into venture capital funds are starting to question the venture capitalists' right to high fees. In the US investors are asking if venture funds which frequently raise new money should be able to command their usual fees on

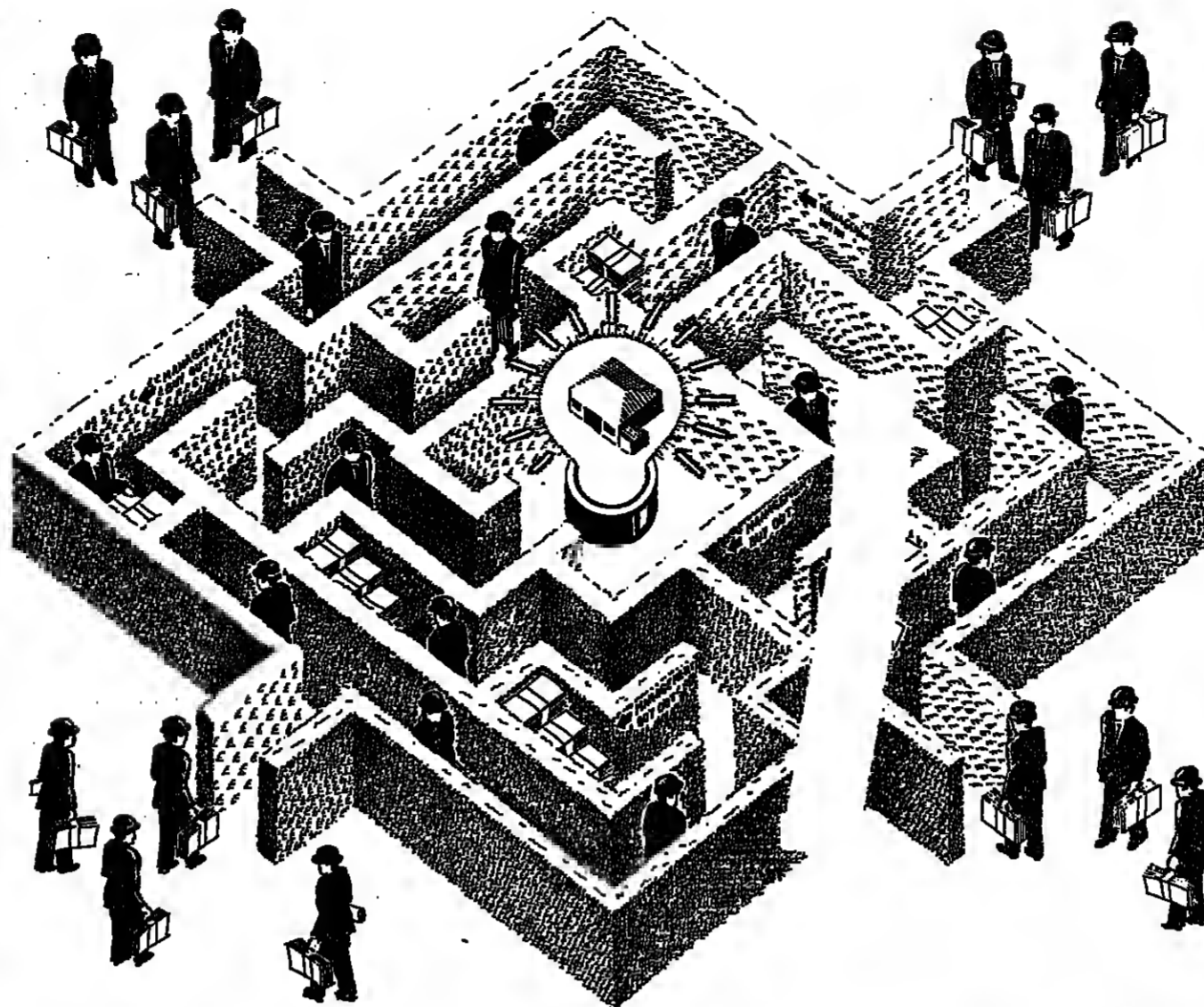
all of the money raised. They want discounts for volume.

In the UK institutions are pressing for higher performance hurdles - tied to the FT All-Share Index or other measures - which venture fund managers must jump before they can take up their usual equity options. Institutions are starting to ask whether the passive venture capital group putting together relatively safe, late-stage deals, deserves to earn the same fees - usually 2.5 per cent with an option on a 20 per cent share stake - as the "hands-on" venture capitalist backing riskier early-stage deals.

It is hard to find venture capitalists who will admit that the number of deals to come their way is on the decline. But many in the industry are concerned that a shortage of good managers able to run an early-stage company is leading to a fall in opportunities.

In Britain venture capitalists complain of the shortage of good quality managers who are prepared to set up new companies compared with what they see as abundance of such people in the US.

Electra Investment Trust, an early specialist in unquoted companies, recently recruited a senior manager from one of the leading executive search



Venture Capital

organisations. Advent, a high technology fund, prefers to make use of outside consultants because it believes they will have access to a greater spread of contacts. Even so, the Advent team spends half its time looking for qualified executives, Mr David Cooksey, chairman, estimates.

What is now happening is an increasing segmentation between funds and also within funds. Funds which have the financial skills to put together a £500m buy-out are unlikely to have the industrial knowledge

needed to back a small software company.

"Management buy-outs and start-ups require different expertise," says Mr Ronald Cohen, chairman of Alan Patricof Associates. To avoid swamping the identity of its early stage team Patricof has created a separate group of executives to focus on buy-ins in the UK and France. Patricof is currently raising an £cu250m (£165m) fund to do deals expected to average £cu50m each.

A few UK funds have distinguished themselves by the ability to back high-technology deals. Funds without high-tech expertise sometimes refer high-tech propositions to these funds with the aim of coming in as a co-investor if the specialist gives the go-ahead.

Another specialist group within the industry is the fund which provides seed capital - the very small amounts needed to convert an idea into a business. The seed capital sector is still "desperately embryonic" in Britain, says Mr Philip Percival, managing director of JMI

Seed Capital, comprising just half a dozen funds with about £15m under management. But he is heartened by the interest shown by one non-seed venture fund which is thinking of co-financing deals which JMI thinks are worth backing.

Many venture capitalists believe that the funds which survive will be those which can establish a strong profile for themselves among the ranks of the also-rans. The successful venture capital groups of the 1990s will be those which not only have the finance but

CONTENTS	
Business Expansion Scheme Third Market	2
UK regions Buy-outs and buy-ins	3
Corporate Venturing Valuation methods	4
What a venture capitalist does Profiles: London Truckshop, Oros Systems	5
US market West Germany	6
Japan Europe's leading funds	7
France UK's leading funds	8

which, more importantly, can originate deals and devise creative solutions to their clients' problems. The "me too" organisations which come in on a deal which has been researched and arranged by others will have a harder time.

The venture capitalists' response to the growing competition for good deals has been to devote more effort and money to marketing their services - to entrepreneurs, investors and managers in large corporations who might be persuaded to come out to join a start-up or a buy-in. The days when venture capitalists could simply let a grateful business community beat a path to their door and then reject 49 out of every 50 proposals are coming to an end.

Venture organisations such as Rothschild Ventures and ECI Ventures say they have been combing their lists of contacts and of existing clients to see where extra business could be generated. Individual members of the ECI team have lists of accountants, lawyers and headhunters whom they visit on a regular basis in the hope of generating new leads.

Venture capitalists are also giving greater thought to polishing their image. Midland Montagu Ventures has promoted itself as a backer of buy-ins and has coined the Venture Catalysts as its slogan. It has hit on Growth Capital as a campaign title.

While venture capital continues to attract large sums, the direction of some of these flows is now changing. Some of the independent funds, which raise all their money from the market and which have no friendly financial backer, are worried by the increasing power of the venture capital subsidiaries of the merchant banks.

The banks, which manage large amounts of discretionary pension fund money, are channeling all of their venture capital investments through their own venture capital subsidiaries. This means less is available for the independents which complain that the banks may be neglecting their duty to obtain the best deal for their pension fund clients.

Overall, however, the amount of money available is expected to hold up as the industry catches its breath after two years of hectic growth. Independent funds

raised only £370m in the first nine months of 1988 compared with £270m in the same period last year. But Ms Susan Lloyd, UK managing director of Venture Economics, a specialist research group, estimates money which are still raising total to £705m, nearer the record £700m raised in 1987.

Investments in the first half of 1988 were £50m, Ms Lloyd estimates. If levels are maintained in the second six months they will equal the £1,030m invested in the whole of 1987.

In Europe as a whole the venture capital industry reached an important milestone in 1987. For the first time more finance was raised in Europe last year than in the US, according to the European Venture Capital Association. In Europe a total of £cu3.9bn (£2.6bn) was raised compared with £cu3.8bn in the US. However, the longer tradition of venture capital in the US meant that the pool of money invested or available for investment in the US remained greater - at £cu22.2bn against £cu13.1bn in Europe.

Britain continues to dominate the European venture capital scene with a £cu7.1bn (£4.7m) pool of funds, followed, at some distance, by France with £cu1.9bn. However, growth rates in France and several other Continental countries are faster than the UK. The attraction of the Continent, where less ferocious competition means deals can be more attractively priced, is reflected in the sharp increase in UK venture funds which are establishing a presence there.

Buy-outs, buy-ins, Continental Europe - the alternatives to the unglamorous slog involved in start-up and early-stage investments - appear all too numerous. But not everyone is convinced that venture capital in its original form is dead. Buy-outs may have proved more profitable recently but with the stock markets past their bull stage and with start-up profits yet to come through investors may rediscover early-stage investments.

"This industry moves in cycles. Early-stage deals will become popular again," seasoned venture capitalists maintain. Entrepreneurs must hope they are right.

David Worth

ITC

MANAGEMENT BUY-OUT

£70,000,000

BOUGHT DEAL

MIDLAND MONTAGU VENTURES

Midland Montagu Ventures has backed the management team of ITC Entertainment Group Limited in its £70,000,000 management buy-out from the Bond Corporation.

ITC is one of the world's leading producers and distributors of television and theatrical movies. Its extensive library of some 2,000 titles includes its own productions such as "Sophie's Choice" and "On Golden Pond".

Midland Montagu Ventures has underwritten the whole transaction of £70,000,000 which was entirely in equity. This makes it the largest bought deal of its kind.

By this route both the speed of response and the degree of confidentiality were able to exceed by far that which would otherwise have been possible.

The investment has been structured as an equity deal with no acquisition debt. This has provided ITC with a very firm foundation for its balance sheet which will enable the company to expand rapidly over the coming years and, in particular, to exploit the emerging opportunity for television products in Europe.

The investment will be sold down in the UK, the US and Continental Europe.

Midland Montagu Ventures Limited
10 Lower Thames Street
London EC3R 6AE
Telephone 01-260 9911



A member of IMRO

The Venture Catalysts

VENTURE CAPITAL 2

Heather Farmbrough on why the Business Expansion Scheme has lost sight of its original aims

An initiative tarnished by a tax dodge image

THIS YEAR the nature of the Business Expansion Scheme has altered radically...

popular schemes were secured... means of raising capital for new businesses in other areas.

Indeed, the scheme seems a long way from its original objective of providing a source of equity for start-up businesses...

The scheme has been criticised as simply a device to enable the rich to get richer

It fell to his successor, Nigel Lawson to change in this year's budget...

ety of entrepreneurial businesses, ranging from scallop farming to car hire...

Today this is a less appealing incentive now that the top rate of income tax has been reduced to 40 per cent.

UK investment by financing stage % of amount invested. Table with columns for years 1983-1987 and rows for Start-up, Other early stage, Expansion, Buy-out/buy-in/acq, Secondary purchase, Other.

Under BES, assured tenants have raised £10.6m, compared with only £4.4m for other companies.

The new style BES also differs in the way in which money is raised. Earlier, the scheme was dominated by prospectus issues...

UK investment by financing stage % of financings. Table with columns for years 1983-1987 and rows for Start-up, Other early stage, Expansion, Buy-out/buy-in/acq, Secondary purchase, Other.

money raised in addition to various bonuses. However, there is little point in sponsors promoting issues raising less than £500,000...

reasonable to give money away from the taxpayer. The problem is that people don't like investing in companies asking for less than £500,000 because they just can't get the management.

Earlier this month, Mr Norman Lamont, Financial Secretary to the Treasury, confirmed the government's commitment to assured tenancy schemes until 1993...

BES seems a long way from its original aim of providing equity for start-up businesses

under the new kind of scheme. "There is no indication that the money is available from venture capital," he says.

of such tenancy schemes will ensure that money goes into safer, property-backed companies rather than the individual, more entrepreneurial ventures the scheme was designed to help.

THIRD MARKET

Little cheer for tier hit by initial design flaws

THE THIRD Market approaches its second anniversary in January with few of the expectations of its founders fulfilled.

Market entrants and set advertising requirements at a very low level. As a result, many venture capitalists may have decided that they might as well wait the three years before a company qualifies for the USM...

The tier has failed to attract start-ups or provide a forum for raising capital

a reputation for poor investor protection standards and low-quality companies. The idea behind the Third Market was to create a better standard of protection for the investor...

However, so far only 11 OTC companies have joined the Third Market. The main reason seems to be that few pass the scrutiny of potential sponsors...

Few of the Third Market's original expectations have been fulfilled

period which will allow investors to sell their shares and retain their tax relief. BES rules restrict where stocks can be traded for the first three years after creation.

Such totals will not encourage either market makers or investors to take an interest in the tier. The Third Market needs something to happen to help it out of a vicious cycle of too few investors, too few companies and too few adventurous sponsors.

Advertisement for CITICORP VENTURE CAPITAL featuring a collage of images, text boxes with quotes, and company information. Includes text like 'WHEN 45-YEAR-OLD RICHARD ASTON'S MBO OF BEECHAM'S WENT AWAY...', 'THE CITY LIKED HIS PLAN TO DISTURB THE TOP TWENTY MANAGERS...', and 'CITICORP VENTURE CAPITAL'.

CITICORP VENTURE CAPITAL PO BOX 199, COTTONS CENTRE, HAYS LANE, LONDON SE1 2QT TEL 01 234 5678 London Frankfurt Madrid Milan Paris

Citicorp Venture Capital Limited is a member of The Securities Association

Handwritten signature or mark at the bottom of the page.

VENTURE CAPITAL 3

Ian Hamilton Fazey on moves to correct UK regional imbalance

Local knowledge an asset for the North's players

MR PETER FOLKMAN was one of 31's potential high fliers. He was the highly successful director of the large Manchester regional office and looked set for eventual promotion to a more senior job in London. Six weeks ago he quit. Today he is completing the formation of the North of England Venture Fund and will run it with a former senior manager from industry. It will have at least £15m to invest straight away and he expects to have another £5m on tap soon. One of the fund's sponsors will be Schroder Ventures - London-based but with international operations in Italy, West Germany, the US, Canada and Japan. The other will be Rickitt Mitchell, the Manchester investment house which can fairly claim to have invented the corporate finance boutique, and which came to national prominence when it acted for the Land Rover management in its abortive attempt to buy out the business. Mr Folkman is, however, very frustrated. "There are a lot of good deals about at the moment," he says. "If we had been up and running by now we could have done our first year's investments in the first three months." He expects to be in full swing before the end of the year but in the meantime he is in the slow but proper process of satisfying the requirements of the Financial Services Act. Mr Folkman's prospective fellow fund manager - he is currently on the look-out - will be someone with experience of running a major multi-million international business. It says something about the way things are developing that there are two eager applicants on the short-list. What is important about the development is not just the quality of the people and institutions involved, but the fact that they will be joining a growing network of similarly powerful emergent sources of venture capital outside London. Only four years ago, there were very few outside 31's network of 27 regional offices. London and the South-East had most of the funds and usually needed to spot a good investment - most of the deals. Few London managers ventured far from home. Lazarus' regional funds - now run by the Development Capital Group - were one exception; County NatWest also began to beef up its operations in Birmingham, Leeds, Manchester and Edinburgh. The enterprise boards or similar funds set up by the now-abolished metropolitan county councils of Greater Manchester, West Yorkshire,

usually needed to spot a good investment - most of the deals. Few London managers ventured far from home. Lazarus' regional funds - now run by the Development Capital Group - were one exception; County NatWest also began to beef up its operations in Birmingham, Leeds, Manchester and Edinburgh. The enterprise boards or similar funds set up by the now-abolished metropolitan county councils of Greater Manchester, West Yorkshire,

Leeds, but who has now been taken over by the aggressive independent financial services group of BWD Rensburg and is likely to have much larger sums to play with. At the same time, Yorkshire Enterprise has sprung from the old West Yorkshire Enterprise Board with several big, successful investments behind it and continues to do well. The other enterprise boards, and the South Yorkshire Superannuation Fund, are also in the market. British Steel industry - the

Companies by geographical location (Dec 1987)

Companies	%	Pool(£m)	%	
London(City)	44	41.1	2,088.0	51.8
London(West End)	25	23.4	1,281.8	31.5
London area	11	10.3	106.5	2.7
Birmingham	5	4.7	64.9	1.6
Scotland	10	8.3	318.0	7.9
Others	12	11.2	187.6	4.7
Total	107	100.0	4,008.5	100.0

Source: UK Venture Capital Journal

job-creation business set up in the steel closure areas - has also now made equity investments the main plank of its financing programme and Mr Roger Thackery, the chief executive, says he is pleased with the results. The trend is also apparent in County NatWest's venture capital operations. In 1986 it put £28m into 48 deals - all but £3m into 41 deals in London. Last year, there were 62 deals totalling £55m, but Birmingham, Leeds and Manchester had increased their share of this to £14m spread between 17 deals. The figures for the first 10 months of this year show the trend continuing. The Midlands and North have completed 20 deals totalling £18m compared with London's 37, worth £30m. What all this means is that a truly regional infrastructure of venture capital sources is now becoming firmly established outside London. The implications are important for regional development since it means that the companies with the best prospects for growth can get money from local backers with local knowledge who can also give quick decisions. The institutional investors who put money into venture

capital funds are beginning to recognise this. "We have got more, better quality, convertible inquiries from institutions than we can handle. Local authority pension funds are now beginning to show much more interest in giving us money to invest," says Mr Denny of Northern Investors. Mr Charles Richardson, Mr Folkman's successor at 31 in Manchester, says that the development of this new regional infrastructure is changing things dramatically. "We are not seeing much competition from London funds these days. It's coming from the local funds instead," he says. "These regional funds are good news for the regional offices of 31 because they mean that there is now a means to syndicate big deals locally. It means having to go to London and therefore faster decisions. Deal flow is improving all the time." Statistical evidence reflect the changes: 31's investments outside the South East nearly trebled between 1984 and 1988, compared with a rise of 122 per cent in and around London. This is moving towards a considerably better balance - £232m invested in the South East and £218m in the other regions. Mr Folkman believes that the balance generally will shift even more as the regional infrastructure of locally-managed, independent funds improves. One reason why will be cost. 31 charges clients 2 per cent of the value of a deal for arranging it. Mr Folkman and his colleagues will be paid by the North of England Venture Fund's backers, not the clients. This is going to make the fund very much more attractive to businesses looking for finance. At the same time, the hands-on approach he will adopt towards investments will help maximise returns, as Mr Denny has already proved at Northern Investors. Remote London fund managers - or high volume operators like 31 - cannot afford the time. The regional venture capital scene looks set for a year of accelerating change.

Management buy-outs/buy-ins

A trend too good to last

THE VENTURE capital industry faces a paradox. It is now making its highest returns on some of its least risky investments. Management buy-outs have become more profitable than start-ups or early stage investments despite the lower level of risk involved in the buy-out deal. This reversal of the normal rules of investment worries many venture capitalists. "It is an economic nonsense and it cannot last," says Mr Tony Lorenz, managing director of ECI Ventures. "But the fact is that in the UK buy-outs have produced the highest returns. The young technology-based company (the traditional target for venture funding) is always scrambling to remain state-of-the-art because the market in which it operates lacks the scale of the US or Japan." The typical management buy-out company, in contrast, is usually a well-established business in a mature industry producing a comfortable and regular cash flow. Provided it is not loaded down with too much debt its management should be capable of continuing to run a business they already know well. Is it any wonder then that many venture capital groups now devote the bulk of their funds to buy-outs at the expense of start-ups and early stage financing, where the pay-off is uncertain and the time required for the investment to mature much longer? Start-ups may take seven to 10 years to bring to market compared with many buy-outs which have been floated in less than two years. From just 18 buy-outs totalling a few million pounds in 1977 the total rose to 300 deals worth £2.82bn in 1987. The stock market crash of October 1987 put a temporary halt to deal-making activity but business recovered and the first nine months of 1988 saw the completion of 210 deals totalling £2.3bn, according to accountants Peat Marwick McINTOCK. In Britain buy-outs and buy-ins accounted for 55 per cent of all venture capital investments by value in 1987, according to the British Venture Capital Association, though they represented only 18 per cent of the number of deals completed. In 1986 these deals accounted for 45 per cent of deals by value



and 21 per cent by number. In Europe as a whole buy-outs also increased their share of total venture fundings, accounting for 36 per cent of all investments by value in 1987 compared with 25 per cent in 1986, the European Venture Capital Association reported. The £715m buy-out of MFI,

International Comparisons

Companies	Total(£bn)	Capital under management per company(£m)
US	627	16.1
UK	107	4.0
Canada	71	1.1

Source: UK Venture Capital Journal

est rates. Some deals under preparation have been halted while buy-outs which have already been completed will probably take longer to achieve their budget targets. For a management team planning a buy-out times have never been better. Record amounts of money are chasing the good deals and if a buy-out proves impossible managers can often attempt the buy-in of another company. When 31, Britain's largest venture capital group, announced recently that it was looking for 300 managers interested in staging a buy-in it received 700 replies. This overhang of so much money has placed managers in the enviable position of being able to negotiate very favourable terms for themselves. They are often able to acquire large initial equity stakes in the business with "retcher" arrangements which allow them to increase their holding still further if targets are met. Some venture capitalists grumble that the pendulum has swung so far towards managements that some deals are simply not worth doing. Too little is left over for the outside investors, they complain. What worries the deal-makers is that competition for the good deals will force a relaxation of the normally conser-

vative financial ratios on which UK buy-outs are based. Buy-outs in Britain have typically carried three or four times as much debt as equity compared with the US where the ratio is usually 9:1 or 10:1. US buy-outs have depended on the rapid sale of unwanted assets to bring borrowings down to more manageable levels. In Britain and the rest of Europe bought-out companies are expected to pay off debts without breaking themselves up in the process. Buy-outs in Britain have been fairly safe investments. Of reactions one in 10 of the deals it backs will fail while a further one in 10 will need refinancing or restructuring in some way. This compares with a failure rate for start-ups of one in three. Even in the US, where deals are more vulnerable to rises in interest rates, buy-outs have been relatively risk-free. But the problems of Revco, a large drugstore chain which filed for protection from its creditors last July, have given a warning of what can go wrong. Revco fell victim to the ambitious performance targets on which its financing was based. One result of the growing competition between investors for the good deal has been the arrival of the buy-in. They are closer to start-ups than to buy-outs in the degree of risk involved and require far closer monitoring by the deal-maker, but they can also give higher returns to the investor. Another has been the move by many UK-based venture capital organisations into Continental Europe. Buy-outs have taken off in France as a means of securing the future of family-owned businesses set up after the Second World War. Similar potential for buy-outs is seen in Spain and Italy. The buy-out has established itself internationally as an effective means of revitalising tired businesses. However, its success has prompted some venture capitalists to ask whether the venture capital industry is not neglecting its original role of helping young companies to get started. If today's start-ups cannot get backing there may be a shortage of companies around tomorrow suitable for a buy-out.

Charles Batchelor

We are considering the future, not our past.

1974

Although 1974 was the year of the three day week, at County NatWest Ventures we were working flat out on a brand new project. In August, we reaped the fruits of our labours when we supported our first management buy-out team.

1980

As the new decade arrived, our management buy-out activity was rapidly gathering pace. By the end of the year we had tucked the 25th under our belt. It was a reflection of the expertise built up over the previous six years.

1985

1985 saw us steaming towards new horizons when we led the £19 million privatisation buy-out of Vosper Thornycroft, the warship builder. Such was the success of this buy-out that less than three years later the company was launched on the Stock Exchange.

1986

Among the 23 management buy-outs we backed during 1986 were two from Cadbury Schweppes - Swallowfield and Jeyes Group.

1987

The stock market crash did not stop our progress. In October, we completed our 100th management buy-out with Venture Plant, a leading plant hire company. On Christmas Eve, completion of the £17.5 million buy-out of Aynsley China from the Waterford Group brought our tally of buy-outs and buy-ins that year to 25.

1988

In May, Southnews became our first management buy-in to obtain a USM quotation, 18 months after the original transaction. Our success, however, isn't limited to management buy-outs and buy-ins. We are one of the leading providers of all types of venture capital whether it be for expansion capital, for start-ups or for existing share purchases. We can offer our in-depth expertise through our London head office and regional offices in Birmingham, Edinburgh, Leeds and Manchester. Our new brochure paints the full picture. In describing the way we have supported management teams in the past, it demonstrates why our experience should guide your future.

**COUNTY NATWEST
VENTURES**
A Member of TIMRO

County NatWest Ventures Limited, Drapers Gardens,
12 Throgmorton Avenue, London EC2P 2ES. Tel: 01-382 1000.
For a copy of our new brochure call Helen Visser on extension 8465.
The NatWest Investment Bank Group

VENTURE CAPITAL 4

Contrasting international views over the value of corporate venturing

An idea with little support in UK

IN THEORY, corporate venturing should be a splendid idea. Very broadly, it refers to the concept of practical co-operation between a small company and a much larger one.

largest companies in the UK, of whom 228 replied - suggested that the most common reasons for by-passing this notion rested partly on concern over diverging objectives and the prospect of control problems.

likely candidates for this area. On the way, it will stress its own willingness to get involved as an outside partner. Corporate venturing, moreover, spans a number of different structures, some of which - at least in the eyes of certain observers - offer more potential than others.

shared with a venture capital specialist. Take this notion a stage further and the large company may even wish to invest in a venture capital fund - thereby spreading risk even more widely.

while, sees the practical benefits of the large group's backing - be it financial, office space, marketing and so on - while those involved in the "spin-out" company do not sever the links quite so drastically and, in psychological terms, stake everything on the new venture.

Unilever leads five more Management Buy-Outs

JULY 1988 MANAGEMENT BUY-OUT KTM LTD Flexible Manufacturing Technology Ltd's leading suppliers of machining centres and manufacturing cells acquired from VICKERS PLC

AUGUST 1988 MANAGEMENT BUY-OUT NEY PRODUCTS LTD Specialist plywood manufacturer acquired from a subsidiary of WILLOW HOLDINGS PLC

SEPTEMBER 1988 MANAGEMENT BUY-OUT MAN MAGNETICS LTD Manufacturer of magnetic media products to the industry acquired from private shareholders

Unilever advised the management teams of three Management Buy-Outs

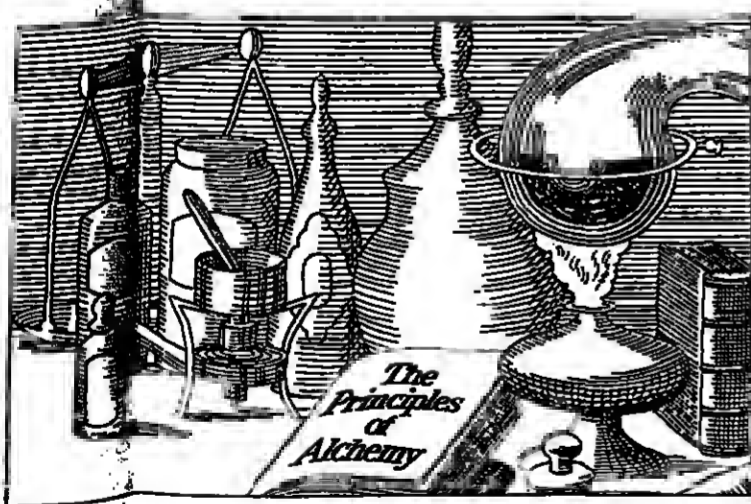
OCTOBER 1988 MANAGEMENT BUY-IN HITTARD & CO. LTD 1st Edwardian-style retailer of tea and coffee Unilever initiated this transaction and provided the investment funds

OCTOBER 1988 VENTURE CAPITAL LARD INDUSTRIES LTD Manufacturer of plastic extrusion to the building industry Granville led start-up syndicate

GRANVILLE

INVESTMENT BANKING SERVICES FOR UK AND CONTINENTAL EUROPEAN COMPANIES, INSTITUTIONAL INVESTORS AND PRIVATE INDIVIDUALS

Member of The Securities Association



DEVELOPMENT CAPITAL? THE WORKING FORMULA

GPI is an independent "hands-on" financial partner. It invests in all industry sectors, has strong Scandinavian links and offers particular experience in shipping, offshore and oil-related industries.



Gyllenhammar & Partners International Ltd, Little Turton House, 3 Dean Trench Street, London SW1P 3HB

HOW VENTURE capital funds value the businesses they back is becoming an important issue for the industry and for the institutions which invest in it.

Putting a value on young, unquoted companies is a tricky business. One venture capitalist discovered that an investment which had written down to just 25 per cent of its initial value appeared on a co-investor's books at the full original value.

Few observers expect uniform valuation standards to emerge in the near future

Cooksey, chairman of Advent, which specialises in high-technology investments, Advent raised 85 per cent of its most recent fund outside the UK.

The problem facing venture capitalists in the UK is that most of the independent funds set up in the early 1980s have yet to complete a full 10-year investment cycle and repay their investors.

With ever larger sums being snatched into relatively short-term, low-risk management buy-outs it is more than ever essential that the venture capital industry paints a convincing picture of the returns available from the earlier stage, the more genuinely venture-oriented activities.

VALUATION METHODS

The search for common standards

which do not overstate the value of their investments and the temptation to paint as rosy a picture as possible for their investors. The more thoughtful venture capitalists are reluctant to put a price on the value of their portfolios since the two or three businesses which finally provide the big pay-off may rank among the laggards in the early stages.

Investments in quoted companies, which many venture capitalists organisations retain after flotation, should be valued at the closing mid-market price on the venture fund's balance sheet date, the guidelines suggest.

But even with quoted securities a problem arises with shares which are not widely traded or which have restrictions on the sale of the shares.

Even if the association's 100-plus members could agree to implement these methods of valuation there are still large areas where subjective judgments are called for in applying the guidelines.

Mr Dick Omlans, chief executive of Faring Brothers Hambrecht & Quist (BBHQ), says he values investments at cost unless there is a good reason not to.

IFBBHQ decides a company's

INVESTMENT BY INDUSTRY SECTOR (excluding management buy-outs)

Table with 10 columns: Sector, '84, '85, '86, '87, '88, % amounts, '85, '87. Rows include Consumer-related, Computer-related, Electronics, Medical/Genetics, Industrial products, etc.

Source: UK Venture Capital Journal

Despite the success of corporate venturing in the US, most large companies in Britain remain unconvinced about this technique

ment in a small one - the latter being either a new business, or one with which has no direct connection with the larger investor but which the bigger company feels shows genuine prospects.

moving on from this, there is a similar situation where large backs small with the risk being

The idea here is that large companies sometimes generate projects or possibilities which are inherently valuable but which cannot be pursued within the objectives of the company itself.

The small company, mean-

Cases can, however, be cited where this approach has brought convincing results. Mr Alan Spiers at 31 Ventures, for example, produces the example of a specific computer development which occurred within ICL - essentially designed to speed up computer processes which was happily spun-out.

The Nedo document, on the other hand, quotes Microscribe which was set up in 1985 as part of the Sector Group. The company makes miniature computers and terminal equipment.

Nikki Tail

ferent valuation policies, partly reflecting the fact that it is owned by the banks.

It compares its larger investments - those worth over £1m - with the earnings of similar listed companies; discounts heavily depending on the period until sale or flotation; and corrects again to take into account the view of its managers who have made the investment.

Despite the differences between the valuation policies of BBHQ, ECI and 31, all three organisations describe their policies as conservative. Less conservative were the procedures adopted by some of the 37 funds reviewed by Venture Economics.

Its study showed that half of the funds polled revalued investments on the basis of financing rounds which were not wholly arms-length. Those funds which wrote down their investments to below cost generally did so on an arbitrary basis, while many funds were not rigorous in applying discounts if there were restrictions on the trading of quoted securities.

Charles Batchelor * Venture Capital Valuation Methods: Towards A Common Standard, £195.50; From Venture Economics Ltd, 14 Bartley Mow Passage, London, W4 4PH.

Your partner in Portugal



Promindustria Venture Capital

R. Vriato, 23-8 Dto. 1000 LISBOA. Telefs. 531657-533516 Telex 64481 Fax 525454

Member of EVCA, European Venture Capital Association

Handwritten signature/initials at the bottom of the page.

VENTURE CAPITAL 5

Charles Batchelor on bringing together ideas and individuals

Mergers of convenience



"We don't want them to spend six months getting their accountants to draw up a 100-page business plan. It will be a sanitised version of their ideas and won't let us see the man who is behind it. What we look for is personal motivation, intellect and ability."

At Schroders, as at many of the other 120 or so venture capital groups in Britain, Monday morning is spent reviewing the state of the several dozen deals in which it is involved or considering.

Separate teams review buy-outs and earlier stage financings, classifying them according to whether the deal is active, passive or dead. With no shortage of funds available for investment the problem for venture capitalists is to find the deal which fits their area of expertise or interest and which can match their high performance expectations. For entrepreneurs the challenge is to get their business proposal to the top of the pile. Apart from looking for a business plan which is easily understood the venture capitalist seeks several features in the proposal put to him. Outside the high-technology field, where an individual may have unique knowledge of a product or a process, the entrepreneur must be able to show he or she has management experience.

"We don't expect them to be able to do everything and we don't expect them always to have succeeded," says Mr Smith. "What we are looking for is a match between the idea and the individual." One unsuccessful proposal put to Schroders involved the design of a new engine, despite the fact that the man behind the idea had no experience in this field. Another would-be entrepreneur suggested making a piece of electronic equipment which involved competing with the giant of the electronic industry in volume manufacturing. If business people have skills

in the financial or production areas but lack knowledge of marketing the venture capitalist may put them together with a partner or partners who can fill the skills gaps. A common weakness, though, of business proposals put forward by engineers is their failure to understand the need for marketing or financial expertise. "They tell me these areas are just common sense," Mr Smith says. "I point out to them the thick volumes on my bookshelves on these subjects and ask them if so much could be written if it were just common sense." Some proposals, however

sound, may simply fail to meet the venture capitalist's requirement for very rapid growth. To achieve the high returns - typically 30-40 per cent a year - that their investors expect, most venture capitalists limit their investments to the real high fliers. The business must be capable of growing fast enough to be ready for sale or flotation in three to seven years.

Entrepreneurs and venture capitalists frequently fall over the valuation of the business. Venture capitalists claim business people are unrealistic in their estimates while the entrepreneurs counter that they are being asked to sign over too large a share of their equity too cheaply.

Schroders has been looking at one deal which it values at £2m but which the entrepreneur thinks is worth £10m. Valuing a start-up is particularly difficult since there is no trading record on which to judge it. When it comes to buy-outs, though, the venture capitalist can frequently help the buy-out managers negotiate a better price from the owners of the business. "It is difficult for managers to disengage their own business in negotiations," notes Mr Barry Minton, another Schroders partner. "On one deal we

pointed out the weaknesses of the business to the owner. When he had left the managers asked us why we wanted to help them if the position was so bad."

As the venture capital industry has grown and dozens of new funds have been set up, it has become increasingly difficult for the entrepreneur to know where to turn for help. Many business people still assume all venture capital groups are the same and that all they have to offer is money, Mr Minton says.

Those who do appreciate "We don't expect would-be clients to be able to do everything nor to have always succeeded"

that venture capitalists value their expertise more highly than their money are still a small minority. But a small number of entrepreneurs is selective and does demand to know what a particular venture group can do for them, he says.

The difficulty the business person has in finding the right venture capitalist has led to the growth in Britain of venture brokers, small teams of consultants who will help the entrepreneur find a suitable backer and advise on how best to present a business plan. "We have identified about 30 broking teams set up by ex-merchant bankers, accountants and lawyers," says Mr Tony Lorenz, managing director of ECI Ventures. "We expect them to be an important source of deals in future."

"We save the time of both the entrepreneurs and the venture capital funds," says Mr John Clarke, managing director of City Venture Brokers. "We can put the entrepreneur in touch with the right fund and reduce the stress of fundraising."

City Venture Brokers says that it helps entrepreneurs to draw up an acceptable business plan, typically of between 18 and 20 pages, with a two-page summary which is sent to half a dozen venture capitalists.

Its consultants rehearse business people in the presentation of the plan so they put over their message clearly and succinctly. The problem with some of the accountants who help entrepreneurs draw up their plans is that they take over the process, Mr Clarke says.

Accountants may be reluctant to be critical of unworkable plans because they want to protect their audit relationship with their client, he claims.

It is up to the entrepreneur to decide whether a service of this kind is worth the fee. City Venture Brokers says it charges 5 per cent of the value of the deal and takes an option on between two and 5 per cent of the equity. If the broker can prevent the business plan from ending up in the venture capitalist's basement file the entrepreneur might agree this was money well spent.

TAKE THE hit down to the basement of the offices of Schroders Ventures in London's Covent Garden and you will see, stacked away in ranks of filing cabinets which line the walls, the commercial dreams of several thousand would-be entrepreneurs. Schroders keeps in store the rejected business plans of the people who have come to it for backing. Most of the plans which come in take the form of thick loose-leaf folders. Occasionally they come in on floppy disk. The advent of simple spreadsheet software and the enthusiasm of the accountants for detailed forecasts means

many business proposals which come to venture capitalists are in fairly indigestible form. One businessman has sent Schroders a floppy disk which is incompatible with the company's computers. Some business plans are long on inconsequential detail but short on essential information about the people behind the proposal or the market they plan to enter. "We like people to write something down, even if it is only a two page list of questions to show they have thought the proposal through," says Mr Peter Smitham, a Schroders partner.

Profile: London Truckshop
A fund drive that paid off

MERCHANT BANKERS, venture capitalists and accountants are unlikely to be familiar with the habits and tastes of Britain's long distance lorry drivers.

ture of grants and loans of both cash and equipment in return for the right to service the site with its own products for 10 years.

Perhaps it was this factor that made it so difficult for London Truckshop to find seed capital - or maybe it was just another example of the notorious difficulties of raising start-up finance.

It is a complicated package, with each every party to it aware that the project would fall flat without the participation of the other parties. In order to add any unnecessary risks and to keep each participant happy, there was a simultaneous signing. The first truckstop is scheduled to be opened in late summer 1989.

The idea was relatively straightforward - to build a "truckstop" at West Thurrock in Essex - a collection of fueling facilities, restaurants, a cinema and a motel, that would represent a quantum leap in the quality of services provided to lorry drivers. Now that the money has actually been raised, other facilities will include repair services, the sale of tyres and accessories, fax and telex facilities, secure parking and freight forwarding agents.

Mobil's involvement in the project is obviously unique to a project of this nature. The oil company has made a straight cash grant of £300,000, has loaned equipment for the garage forecourt and the credit-card driven equipment used in the so-called Mobil Diesel Club arrangement. On top of that, there is a £250,000 10 year loan, repayable over the second five years and bearing a low interest rate.

In the US there are many such truckstops; in the UK, Mr Andrew Wilson, the company's managing director, found only institutional incredulity. Few expressed any willingness to back a concept that could spell the end to the greasy spoon cafe as we know it. "It was extremely time-consuming and difficult to raise the equity capital," recalls Mr Wilson, a former managing director of an oil exploration company.

The £2.5m from Société Générale, a French bank, is a five year term loan with a draw-down period of one year during which the interest arising while the site is being constructed is capitalised and repaid later. The loan bears interest at a fixed rate above Libor.

"Not only did we have to prove that the concept would work, with reference to hard evidence such as traffic flows as well as a more subjective assessment of whether truck drivers would like it, but also that the project would provide the required rate of return."

The equity element, divided equally between the four institutions, will give them somewhere between 40-70 per cent of the company's equity capital; there are various ratchet mechanisms to determine the exact amount depending on the company's performance.

"We were up against the fact that most of the money belonging to so-called venture capitalists was available only to finance management buy-outs or expansion of existing businesses. There appeared to be a great deal of competition for a very limited amount of money."

The first site is located at the end of the Dartford tunnel in south east London, and would appear to be an ideal place for a truckstop. "There are lorries everywhere," observed Mr Keith White, a director of CNVV in Birmingham. Near the Ford truck plant in Dagenham, Essex, the site is encircled by a plethora of distribution businesses.

In the event, with the help of County NatWest Venture, a £5m financing package was put together. The finance raised was a mixture of equity and debt funding, coming from three distinct sources apart from the management itself. A syndicate of four institutions (Sunik Grovesnor Venture Managers and Causeway Capital) put up £1.4m in the form of convertible cumulative participating redeemable preferred ordinary shares; Société Générale merchant bank put up £2.5m of project finance; and Mobil Oil helped with a mix-

"It was difficult to get hard evidence as to whether the drivers would like it," he recalls. Trades unions were contacted and drivers interviewed as to whether they would willingly forsake the traditional cafe and the bed in the back of the cab in favour of a motel, videos and smoker. If the first truckstop is successful, there are plans to extend the concept to other sites in the UK. And by then it will presumably be less difficult to attract the institutional investor.

David Waller

Profile: Oros Systems
Spin-out's tough birth

RAISING MONEY for a start-up is difficult at the best of times; in the case of Oros Systems, the fund-raising exercise was complicated by the very complexity of the company's products and by the scale of the financing required.

Based in Slough, Oros Systems was founded two years ago as a "spin-out" from deep within Celltech, a leading UK biotechnology company. Backed by international venture capital groups, Oros raised no less than \$5m in March last year in what it claims to be the largest biotechnology start-up in Europe to date.

Five young scientists, motivated by what they describe as the "classic entrepreneurial desire to run a company", decided to leave the parent company and set up on their own in an area related to - but not in competition with - Celltech's own activities.

Every day, in the laboratories run by pharmaceutical companies, technicians are obliged to settle down to the time-consuming and tedious job of obtaining pure samples of proteins and other complex compounds from chemical mixtures. The Oros plan was to combine expertise in artificial intelligence, chemical engineering and biotechnology to

develop equipment that would dramatically reduce the amount of time and work required to perform such tests. Mr Glyn Edwards, managing director of Oros, claims that the first of the company's products to reach the market, the \$100,000 (\$55,300) MabiLab cuts the time taken by some jobs from days, or even weeks, to a few hours. "The equipment can be operated by a school-leaver, not just someone with a doctorate in chemistry," he adds.

If the end result of such products is greater simplicity and understanding, it is obvious that the synthesis of chemical engineering, sensor technology and computing that went into its design proved far from comprehensible to the average venture capitalist. The five principals of Oros had to battle their way through a fog of misunderstanding; investors' initial reluctance to commit themselves to the project was compounded by the company's desire to raise \$5m in start-up capital, rather than a tranche of cash in the £50,000 to £250,000 bracket. Investors were reluctant to invest that much cash in an industry with which they were wholly unfamiliar, but Oros

Continued on Page 6

When men climb mountains they work as a team.

But one man is chosen to go first, to assess the risks, to seek the right path.

He is the leader.

Managers of the Venture Capital Activities of British Coal and British Rail Pension Funds.

Venture Capital portfolio of £370 million in 220 companies.

£100 million per annum available for investment in all stages and sectors of venture capital.

Investments from £250,000 to £75 million in any one company.

30 flotations achieved to date.

If you're seeking inspired leadership and wish to climb with the best, call Robin Hall or John Brown on (01) 245 6911.

CIN CIN VENTURE MANAGERS
BORN LEADERS

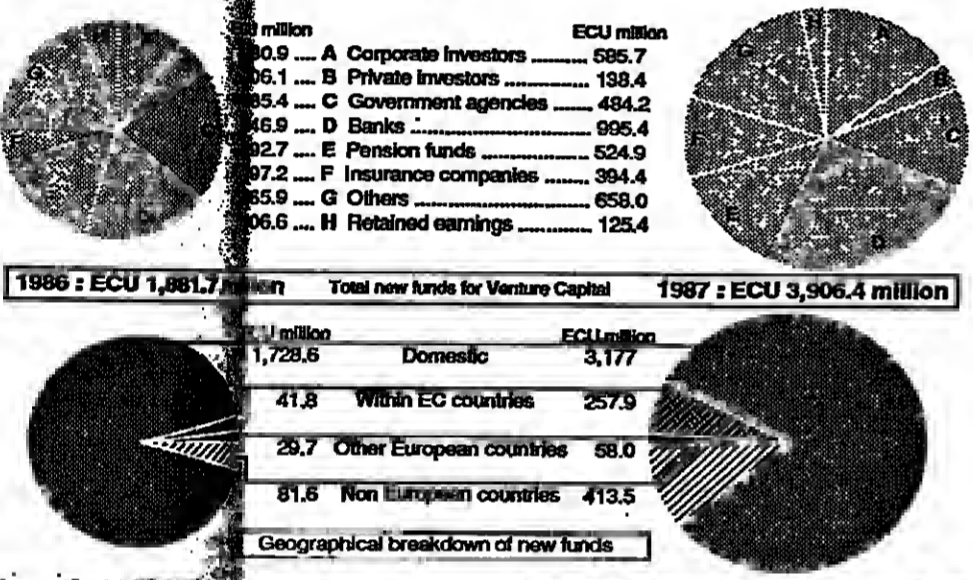
A member of IFCO

VENTURE CAPITAL 8

Barbara Cassus reports on a good year for LBOs in France
Surplus funds aid growth

PLENTIFUL CASES of acquisitions fever have been combined to revolutionise the French venture capital industry over the past year... Surplus funds aid growth... Against only 41 per cent the year before... Earlier this year, the electrical retail group Darty became the object of France's largest RES to date...

New funds raised in Europe



UK's leading venture funds

Britain dominates the European venture capital scene with a £4.7bn pool of funds. After two years of rapid growth, the amount of money available this year is expected to hold up. Independent funds, which have raised only £370m in the first nine months of 1988, are forecast to end the year just short of the record £708m raised in 1987.

Peat Marwick McLintock - Venture Capital Database

Table with columns: FUND MANAGER, Range of individual investments considered, Maximum Start-ups, Development, Replacement, Buy-out, Rescue, Telephone, Sector. Lists numerous venture funds such as 3i PLC, Aberdeen Fund Managers, Abingworth PLC, etc.

AND THE PRINTER SAID YOUR INITIAL PUBLIC OFFERING WOULD BE A BREEZE.

Advertisement for PANDICK, Inc. featuring an image of a printer and text describing their services in venture financing and public offerings. Includes contact information for Metcalfe Pandick Ltd.

Key: Y = Yes P = Possible N = No Sector preferences A = Communications B = Computer related C = Other electronics related D = Biotechnology E = Medical Health F = Energy natural resources G = Agriculture H = Consumer related products I = Chemical industry J = Industrial products K = Space and aviation industry L = Industrial automation M = Wholesale trade distribution N = Property O = Anything P = Financial Services. Any letter in brackets indicates a preference not to invest in that sector.

Handwritten signature or note at the bottom of the page.

Handwritten note: *Handwritten text in a box at the top of the page.*

ONLY ONE VENTURE CAPITAL COMPANY STIRRED.

Kirklees Chemicals, one of the UK's major suppliers of emulsion polymers to the paint industry, recently completed a successful management buy-out from Kalon plc.

Managing Director John Topp approached several venture capital companies to arrange, lead and syndicate the buy-out with funding of over £10 million.

He picked Phildrew Ventures because of our "total commitment and willingness to underwrite. While the others were jiffing and butting, Phildrew moved quickly."

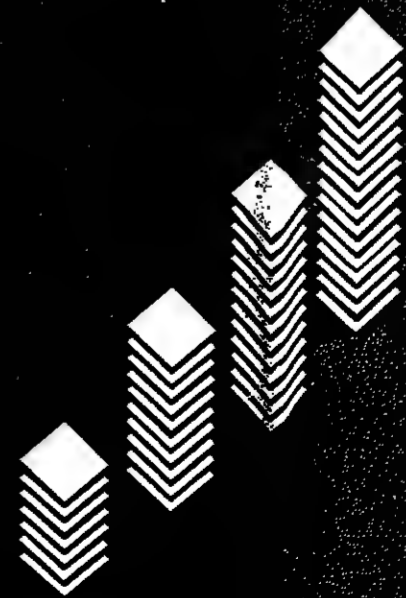
Those are John's words, not ours, but they do sum up how we like to do things.

With our new £135 million equity fund, we can arrange deals of up to £1 billion. And while providing finance is our key role, we can also offer rather more.

Like the creativity needed to help structure the right package. The speed to put it swiftly in place. And, above all, the enthusiasm to see things your way.

So if you're planning a management buy-out or buy-in, may we make a suggestion?

Before you do, look us up.



FOR A COPY OF OUR NEW BROCHURE TELEPHONE 01-628 6366

TRITON COURT, 14 FINSBURY SQUARE, LONDON EC2A 1PD.

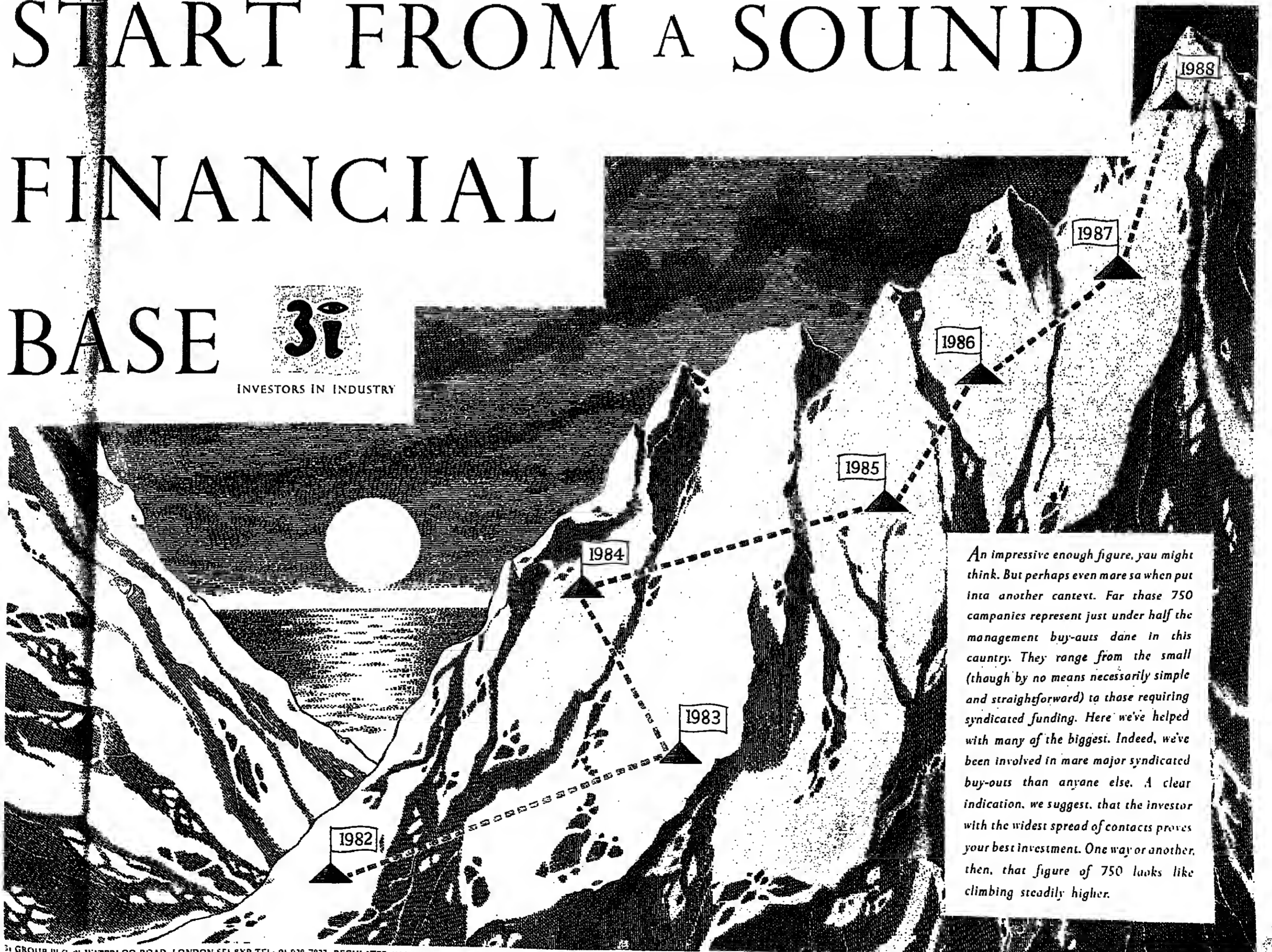
PHILDREW VENTURES ADVISERS • Partners: Charles Gonszka • Timothy Hart • Ian Hawkins • Ron Hobbs • Robert Jenkins • Frank Neale • Phillips & Drew Ventures Limited

PHILDREW VENTURES
Creative Capital For Management Buy-outs

Phildrew Ventures Advisers is a Member of IMRO and an associate of IPDFM

NOVEMBER 30 1988
funds
After the
up. Independ
re:ast to end
the to June
ied in 1987.

SINCE PIONEERING
THE ART OF MANAGEMENT
BUY-OUTS, WE'VE *HELPED*
OVER 750 COMPANIES
START FROM A SOUND
FINANCIAL
BASE



An impressive enough figure, you might think. But perhaps even more so when put into another context. For those 750 companies represent just under half the management buy-outs done in this country. They range from the small (though by no means necessarily simple and straightforward) to those requiring syndicated funding. Here we've helped with many of the biggest. Indeed, we've been involved in more major syndicated buy-outs than anyone else. A clear indication, we suggest, that the investor with the widest spread of contacts proves your best investment. One way or another, then, that figure of 750 looks like climbing steadily higher.

3i